Property/Casualty Insurance at a Glance

The property/casualty insurance business early in 1984 comprised 3,474 individual companies which operate in a highly competitive environment. Although about 900 of those companies write most of the business, no single company or group has more than 9.8 percent of the market.

In 1983, property/casualty insurance companies employed some 470,800 persons, according to government statistics. An additional 744,900 persons were engaged in agency or brokerage operations and insurance service organizations on behalf of the insurance industry as a whole, including the property/casualty, life and accident and health segments.

Operating Results, Property/Casualty Insurers, 1981-1983 (000 Omitted From Dollar Figures)

	1983	1982	1981	% Change 1982-83	% Change 1981-82
Assets	$249,121,082	$231,692,713	$212,302,742	+ 7.5%	+ 9.1%
Net Premiums Written	108,982,808	103,968,221	99,275,575	+ 4.8	+ 4.7
Premiums Earned	106,968,586	102,005,005	97,465,271	+ 4.9	+ 10.5
Loses and Adjustment Expenses Incurred	87,206,936	81,366,925	74,841,996	+ 7.2	+ 8.7
Loss and Loss Adjustment Ratio	81.53%	79.77%	76.79%	+ 2.2	+ 3.9
Underwriting Expenses Incurred	30,935,221	29,045,197	27,158,150	+ 6.5	+ 6.9
Underwriting Expense Ratio	28.39%	27.94%	27.36%	+ 1.6	+ 2.1
Combined Ratio (before Dividends to Policyholders)	109.91%	107.70%	104.14%	+ 2.1	+ 3.4
Combined Ratio (after Dividends to Policyholders)	111.98%	109.65%	106.01%	+ 2.1	+ 3.4
Statutory Underwriting Gain (Loss)	($11,087,953)	($8,303,039)	($4,463,888)	+ 33.5*	+ 86.0*
Dividends to Policyholders	2,234,117	1,986,827	1,823,748	+ 12.4	+ 8.9
Net Underwriting Gain (Loss)	($13,322,070)	($10,289,866)	($6,287,636)	+ 29.5**	+ 63.7*
Net Investment Income	15,973,234	14,906,655	13,248,495	+ 7.2	+ 12.5
Operating Earnings After Taxes	3,869,197	5,332,571	6,905,849	– 27.4	– 22.8
Policyholders' Surplus	65,605,727	60,394,591	53,804,789	+ 8.6	+ 12.2
Premium to Surplus Ratio	1.66 to 1	1.72 to 1	1.85 to 1		
Dividends to Stockholders	$ 3,001,185	$ 2,735,173	$ 2,394,106	+ 9.7	+ 14.2

*Statutory underwriting loss was 33.5 percent greater in 1983 than in 1982; 86 percent greater in 1982 than in 1981.
**Net underwriting loss was 29.5 percent greater in 1983 than in 1982; 63.7 percent greater in 1982 than in 1981.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

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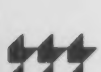
Insurance Facts

1984-85 Property/ Casualty Fact Book



Insurance
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This yearbook is intended to provide some basic facts relating to the property and casualty insurance business for editors, writers, speakers, teachers, students, insurance people and others.

Insurance Facts is published annually by the Insurance Information Institute, an educational, fact-finding and communications organization for the property and casualty insurance business. The Institute is supported by some 300 insurance companies, both stock and mutual, and also provides public relations services to other organizations in the fields of property, liability, fidelity, surety and marine insurance.

The cooperation of other insurance organizations, government agencies and commercial publishers of insurance data has helped to make this yearbook possible. We are particularly grateful to A.M. Best Company, Inc., for making available some of its compilations of insurance statistics; to the National Fire Protection Association for permitting us to publish certain of its copyrighted data concerning fire losses, to the National Safety Council for its cooperation in providing certain accident-related data, and to the Insurance Institute for Highway Safety and the Highway Loss Data Institute for their assistance in preparing automobile data.

Mechlin D. Moore, President
Insurance Information Institute

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1. Scope of the Business

An Overview of Insurance

The business of insurance in the United States is divided into three broad categories: life insurance, health insurance and property and casualty insurance. Altogether it provides nearly 2 million jobs and has responsibility for assets which at the end of 1983 totaled approximately $904 billion. But its greatest significance in the American economy is as an absorber of personal and business risks.

The property and casualty segment of the insurance business is responsible for assets which at the close of 1983 totaled about $249.1 billion. It provides hundreds of forms of financial protection against virtually every known peril.

Data from U.S. government sources indicate that property and casualty insurance companies employed some 470,800 persons in 1983. Those and other sources estimate that another 744,900 persons were engaged in agency or brokerage operations and insurance service organizations, but do not distinguish between personnel employed in the life insurance or health insurance business and those with responsibilities in the property and casualty field.

As of early 1984, there were more than 5,500 insurance companies based in the United States and operating under the supervision of regulatory authorities in the various states. Some of these companies sell all lines of insurance; many specialize in one or more fields. Some 3,474 of those companies sell some form of property and casualty insurance, and related lines, including inland marine coverages and surety and fidelity bonds. A vast majority of the business is written by about 900 companies that operate in all or most states.

The property and casualty insurance business plays a major role in keeping the American economy moving. Insurance coverages backstop the extensive commercial and consumer credit system of the nation. Further, surety bonds are required on almost all public works and commercial construction, to protect against loss in the event the contractor fails to fulfill his or her obligations.

In large part because of insurance coverage, Americans—business owners and employees, home owners, and car owners—have more financial protection and a greater sense of security than any people anywhere have ever enjoyed in the history of the world.

Property/Casualty Insurance in 1983-1984: A Review

The property/casualty insurance business sustained record underwriting losses in 1983 and the first half of 1984. Some observers, however, believed that this low point represented a bottoming-out of the industry's traditional roller-coaster underwriting cycle — a cycle which in its latest downward phase had gone several years beyond the typical historical duration of such cycles.

The net underwriting loss of $13.32 billion in 1983 was attributed primarily to a combination of extreme rate competition, particularly in commercial property and casualty lines, and record catastrophe losses. The underwriting loss exceeded by more than $3 billion the previous record loss of $10.29 billion in 1982. The 1983 underwriting loss represented 12.45 percent of earned premiums of $106.97 billion. This means that for every $100 the industry earned in premiums during the year, it incurred $112.45 in losses and expenses.

The net underwriting loss of $10.29 billion in 1982 represented 10.09 percent of earned premiums.

Industrywide deficits continued to grow in the first half of 1984, when the property/casualty business as a whole recorded a net underwriting loss of $9.87 billion, the worst-ever result for the first six months of a year. The comparable figure for the first half of 1983 was $5.3 billion.

Net written premiums of $108.98 billion in 1983 represented an increase of 4.8 percent over the 1982 total. Premium volume continued to increase in the first half of 1984, which was seen as a positive factor in the outlook for improvement in the industry's financial results.

Meanwhile, the gap between investment income, which permits insurers to continue their insurance operations even in the face of significant underwriting deficits, and underwriting losses continued to narrow sharply in 1983. While investment income reached a record high of $15.97 billion in 1983, the figure was only one-and-one-fifth times the underwriting loss, compared to investment income totals which were nearly one-and-a-half times the underwriting loss in 1982 and more than twice the underwriting loss in 1981. The figures are industrywide averages; for some companies the margin between investment income and losses approached or passed the vanishing point.

Industry pre-tax earnings for 1983 included net investment income of $15.97 billion, less statutory underwriting losses of $11.09 billion and $2.23 billion returned to policyholders as dividends. Tax loss credits helped to shore up after-tax earnings. But after-tax earnings of $3.87 billion were 27 percent lower than the $5.33 billion recorded in 1982 and 44 percent lower than 1981 after-tax earnings of $6.9 billion. By 1984, some companies had exhausted the tax credits available to them.

Policyholders' surplus, a gauge of the industry's financial strength, rose 8.6 percent to more than $65.6 billion, partly as a result of rising

securities markets — another positive note in a generally bleak financial picture.

Impact of Inflation

Inflation continued to moderate in 1983, giving insurers an opportunity to begin catching up with the costs of the things for which insurance pays. For the first time in years, the price of automobile insurance increased more, for example, than the cost of auto maintenance and repairs. However, the cumulative increase in the cost of auto insurance since 1967 remained considerably below the increase for most of the items it pays for.

The U.S. Department of Labor's Consumer Price Index recorded an average increase of 3.2 percent in the overall cost of living. Auto insurance premiums rose 9.8 percent. Household insurance, a new category which includes homeowners and renter's insurance and takes into account changes in personal property insurance rates, went up 6.1 percent during 1983.

CPI increases in costs of goods and services related to auto insurance included: auto repairs and maintenance, 4.5 percent; medical care, 8.7 percent; physicians' services, 7.7 percent, and hospital rooms, 11.3 percent.

On the average, the costs involved in house maintenance and repairs rose 3.7 percent.

Major Sources of Losses

Every year, crime, accidents, fires and natural catastrophes are major sources of losses for the property/casualty insurance business. In 1983:

- The economic cost of motor vehicle accidents was estimated at nearly $62.7 billion.
- Dollar losses from robberies, burglaries, larcencies and motor vehicle thefts totaled some $9.3 billion.
- Property losses from fires totaled some $5.85 billion, a slight decrease from record losses of $5.9 billion in 1982.
- Insured losses from 33 catastrophes—major storms and other incidents causing property damage of more than $5 million — reached a new high for a single year of $2.25 billion.

Congressional Actions

The 98th Congress (1983-84) spent considerable time on insurance and insurance-related issues.

Legislation was passed to reform the Longshore and Harbor Workers' Compensation Act, to help reduce auto thefts, to extend the Federal

Crime Insurance program, to penalize states which don't crack down on drunk drivers, to create a commission to study computer crime, and to fund research into developing a self-extinguishing cigarette in hopes of reducing deaths, injuries and property damage due to fires.

The Longshore Act reform puts a cap on increases in benefits, ends death benefits for causes unrelated to work, and limits categories of workers covered by the act.

The auto theft legislation requires manufacturers to stamp vehicle identification numbers on crash replacement parts to prevent their sale by auto thieves, and requires auto insurers to report claims data on stolen cars to the federal government.

The House held hearings on the status of the insurance industry under the McCarran-Ferguson Act. Rep. Peter Rodino (D-N.J.), chairman of the House Judiciary Committee, concentrated the hearings on the "quality" of competition in the industry, which has considerable exemptions from federal antitrust laws. No legislation was introduced, but Rodino's staff has indicated the issue will be back in the 99th Congress.

Sen. Robert Dole (R-Kan.), chairman of the Senate Finance Committee, held hearings on taxation of property/casualty insurers and proposed changes in the tax laws to discount some loss reserves and to require matching of premium income and acquisition expenses. However, committee members brushed aside the proposal, saying more hearings were needed before making such major changes.

Supporters of the unisex insurance issue, which has been before Congress since 1979, made a strong bid in 1984 for legislation which would ban discrimination in insurance pricing and benefits based on gender. However, the legislation became dormant when it was amended by a House committee to apply only to group policies. Supporters say they will push the issue in state legislatures and in the courts.

Two major insurance-related bills, deregulation of banks and extension of the Superfund act, held center stage in the 98th Congress, but both died due to conflicts between the Republican Senate and the Democratic House.

The Senate approved legislation which would allow banks to enter the security investment field and would close some loopholes which allow bank holding companies to use state laws to expand into areas such as insurance. The House refused to consider the Senate version because of the expanded powers for banks. However, chairmen of both the House and the Senate Banking Committees warned financial institutions that use of loopholes to expand their business could be costly because the Congress will push for passage of a restrictive bill early in 1985.

The House passed legislation to extend until 1990 the Superfund program to clean up hazardous waste sites and to expand the program, but the Senate failed to act on even a "bare-bones" extension bill. The

Reagan administration opposed extension of the program by the 98th Congress, contending the Democrats wanted to use it as an election issue. The program is funded until September 1985.

Drunk Driving

The countrywide campaign against drunk driving continued vigorously in 1983 and 1984. Many states either enacted tougher new laws against drunk driving, raised minimum ages for drinking or stepped up enforcement of drunk driving laws already on the books. As a result, many of the states reported decreases in traffic accidents — and in traffic fatalities — attributed to drinking drivers.

In the middle of 1984, Congress passed and President Reagan signed a law which will cut federal highway funds to states which do not raise the minimum drinking age to 21 by October 1986. The law, which provides for grants to states which strictly enforce drinking laws, recognizes the fact that fatal auto accidents are disproportionately high among youths under age 21, who may be both learning to drive and experimenting with alcohol.

At the end of 1983, the Presidential Commission on Drunk Driving was succeeded by a 15-member permanent National Commission Against Drunk Drivers, which had been proposed in testimony by the Insurance Information Institute.

Grass-roots groups such as Mothers Against Drunk Drivers (MADD), Remove Intoxicated Drivers (RID) and Students Against Driving Drunk (SADD) continued to grow and add new chapters.

Some court decisions added to the crackdown against drunk driving by holding tavern owners liable for accidents caused by drinking patrons, and by holding hosts liable for accidents caused by drinking guests.

Arson

The property/casualty insurance industry provides leadership in the nation's fight against arson. One important weapon in that battle is the arson-reporting immunity laws which, with the addition of South Carolina early in 1984, now are in effect in all 50 states. These laws make it possible for insurers and law enforcement agencies to share information on possible arson cases by prohibiting defamation lawsuits.

The Insurance Committee for Arson Control, an organization representing 2,000 companies writing 85 percent of the nation's property and casualty insurance, published a booklet, "Good Faith: An Insurer's Approach to Suspicious Fire Claims," offering advice on what insurers can do when confronted with bad faith or punitive damage cases.

Another important tool for arson investigators is the Property Insurance Loss Register (PILR), administered by the American Insurance Association. Insurers representing 95 percent of the nation's fire insurance business have entered more than 1.5 million fire loss histories into the PILR computer system, with the information available to other insurers investigating claims — and on occasion to law enforcement agencies.

More than 50 anti-arson and tip award programs now are operating in communities across the country, many of them supported by the insurance business. The programs publicize telephone numbers to report arsonists and offer cash incentives.

That the efforts have been worthwhile is reflected by a report from the National Fire Protection Association that property losses from fires of incendiary or suspicious origin dropped 11 percent from $1.8 billion in 1982 to $1.4 billion in 1983.

Occupational Disease

During 1983 and 1984, pressure continued to build for major changes in the workers' compensation system, particularly in regard to compensation for occupational disease. The focus particularly has been on workers suffering from asbestosis, for which thousands of claims and lawsuits have been filed. But other occupational ailments such as byssinosis (brown lung disease), and illnesses alleged to result from exposure to chemicals such as dioxin, also have claimed their share of attention.

An official at Lloyd's of London estimated that asbestos claims could cost the insurance business as much as $30 billion through the year 2000. Other estimates of ultimate costs to insurers have ranged from $4 billion to more than $170 billion. Two major asbestos manufacturers, one of which faces more than 16,000 asbestos claims for more than $2 billion, already have filed for bankruptcy.

Legislation was introduced in Congress to establish a federal compensation system for occupational diseases. Insurance industry representatives testified in hearings, however, that existing workers' compensation systems can handle occupational disease claims with appropriate changes in state laws.

Although many occupational disease victims are going to the courts for damages, a study has shown that lawsuits are not the ideal way to get compensation. The Institute for Civil Justice reported from a survey of 3,000 claims that it took $95,000 from a defendant or its insurer to get an average recovery of $35,000 into the hands of an asbestos claimant. The remaining $60,000 was eaten up by $25,000 in litigation expenses for the plaintiff and $35,000 for the defense.

Property/Casualty Insurance Companies by State

The property/casualty insurance business in the United States comprised 3,474 individual companies early in 1984, according to information provided by the insurance departments of the various states. About 900 of the 3,474 companies operate in all or most states and among them write a vast majority of the business. The other companies perform vital insurance services limited to people in sharply defined geographical areas or to members of specialized groups, such as farmers.

Home offices of the companies are scattered among the 50 states and the District of Columbia. Thirty-three states house 30 or more companies each. The state with the greatest number of domestic insurers is Illinois, with 292, followed by Texas with 255 and New York with 211.

The number of property/casualty insurance company home offices in each state is listed below.

Property/Casualty Insurance Companies by State, 1984

State	Home Offices	State	Home Offices
Alabama	25	Missouri	185
Alaska	9	Montana	5
Arizona	19	Nebraska	82
Arkansas	28	Nevada	4
California	138	New Hampshire	33
Colorado	46	New Jersey	52
Connecticut	48	New Mexico	13
Delaware	110	New York	211
District of Columbia	12	North Carolina	60
Florida	70	North Dakota	41
Georgia	34	Ohio	152
Hawaii	17	Oklahoma	54
Idaho	6	Oregon	17
Illinois	292	Pennsylvania	201
Indiana	113	Rhode Island	21
Iowa	203	South Carolina	31
Kansas	35	South Dakota	56
Kentucky	35	Tennessee	47
Louisiana	32	Texas	255
Maine	24	Utah	9
Maryland	32	Vermont	31
Massachusetts	51	Virginia	38
Michigan	58	Washington	29
Minnesota	184	West Virginia	18
Mississippi	11	Wisconsin	194
		Wyoming	3

Source: State Insurance Departments

Employment in Insurance

Employment in all segments of the insurance business in the United States declined fractionally — by about one-half of one percent — from 1982 to 1983. The number of persons employed by companies in the property/casualty sector was down 1.6 percent.

Data compiled by the Bureau of Labor Statistics of the U.S. Department of Labor show that industrywide employment fell from 1,981,500 in 1982 to 1,968,600 in 1983. The number of agents, brokers and service personnel in all segments of the insurance business rose slightly, according to government data adjusted to take into account estimates by the American Council of Life Insurance of additional agents and staff personnel. The Bureau of Labor Statistics accounted for 487,400 agents, brokers and service personnel; the ACLI an additional 257,500.

Since 1976, employment among property/casualty companies has risen by 18 percent, from 399,400 to 470,800.

Separate data compiled by the Equal Opportunity Employment Commission show that:

- Members of minority groups constituted 17.6 percent of insurance personnel in 1982, up from 10.7 percent in 1970 and 17.4 percent in 1981.
- Women constituted about 62 percent of the insurance industry work force in 1982, about the same as in 1981 but up from 55 percent in 1970.
- Some 28.7 percent of the employees classified as insurance officials or managers in 1982 were women, who held only 10.8 percent of such positions in 1970 and 26.3 percent in 1981.
- Women comprised 44.8 percent of all professional employees in insurance in 1982 (up from 16.9 percent in 1970 and 41.9 percent in 1981) and 65.2 percent of insurance technicians (up from 38.4 percent in 1970 but down slightly from 65.7 percent in 1981).

Employment in Insurance, 1976-1983 (Annual Averages)

Year	Property/Casualty Companies	Other Companies	Agents, Brokers & Service Personnel*	All-Industry*
1976	399,400	701,900	350,900	1,452,200
1977	425,300	715,600	372,200	1,513,100
1978	446,900	726,700	592,600	1,766,200
1979	467,600	732,200	625,100	1,824,900
1980	477,100	747,000	652,300	1,876,400
1981	478,000	758,900	665,600	1,902,500
1982	478,500	758,800	744,200	1,981,500
1983	470,800	752,900	744,900	1,968,600

*1978-1983 figures from the Bureau of Labor Statistics have been adjusted to account for American Council of Life Insurance estimates of additional independent agents and staff personnel.

Sources: Bureau of Labor Statistics, U.S. Department of Labor; American Council of Life Insurance

Ownership of Insurance

More than nine of every 10 American home owners — but only three out of 10 renters — carry household insurance to protect themselves against potentially disastrous financial losses. This was among the findings of a countrywide survey conducted for the Insurance Information Institute by Cambridge Reports, Inc., in April 1984.

The study found that about two of every three Americans own either a house (66 percent) or a condominium (1 percent) and that three out of 10 rent either a house or an apartment.

While 93 percent of all home owners said they have insurance on their homes and possessions, some 65 percent of the renters said they do not have tenant's insurance, with cost given most frequently as the reason. Ownership of renter's insurance is highest among college graduates and families with incomes of $35,000 or more.

Most of the insured respondents were aware that they had protection against losses by fire and theft. Neary 90 percent of the homeowners but only 54 percent of the insured renters said their basic policies include liability coverages. Although flood insurance is not generally included in homeowners and renter's policies, nearly half of the home owners and 35 percent of the renters believed their policies included that coverage.

The survey also showed that an overwhelming majority of Americans believe it is important to have protection against lawsuits by persons injured while in their homes. Three out of four persons consider $100,000 of liability insurance as at least somewhat adequate coverage, although almost two out of three said a minimum-cost million-dollar umbrella liability policy would be important for their families' protection.

Respondents to the 1984 survey were not asked whether they carry automobile insurance. However, an I.I.I. study three years earlier indicated that some 92 percent of all car owners have that protection.

Insurance Coverages Reported by U.S. Households, 1984

	% of Public	Have Insurance %	Don't Have Insurance %	Not Sure %
Home Owners	67%	93%	4%	3%
Renters	29	28	65	8

Source: Insurancce Information Institute

Policy Understanding: Kinds of Losses Insured Persons Say They Are Covered Against, 1984

	Fire Damage To House or Contents* %	Flood Damage To House or Contents* %	Theft of Personal Possessions %	Lawsuits %
Home Owners	98%	48%	91%	87%
Renters	95	35	90	54

*With renters, these questions related only to household contents.

Source: Insurance Information Institute

The World Insurance Market

The United States accounted for nearly 48 percent of the total as the world's insurance premium volume, excluding Eastern Bloc countries, reached some $466 billion in 1982. The data were compiled by the Swiss Reinsurance Company, which said the figure was only a modest 3.6 percent higher than that of 1981, primarily because of exchange losses when converting currency of other nations into higher-valued U.S. dollars. Without the currency effects, the increase would have been about 10 percent.

The report covers 54 countries which have total premium volume of at least $100 million each and which together account for about 99 percent of the world insurance market.

The United States' 47.6 percent share of the total market — up from 46 percent in 1981 — was greater than that of the next 19 leading nations combined. The United States regained in 1982 the world leadership — after falling into second place behind Ireland in 1981 — in terms of the economic significance of the insurance industry measured in terms of its relationship to the gross national product. The nation's premiums as a percentage of GNP stood at 7.22 in 1982, with Ireland in second place at 6.92 and Great Britain third at 6.34.

On a premium-per-capita basis, Switzerland held its place as the world leader at $1,001.30. The United States was second at $956.80 per capita, followed by Canada at $642.40.

Overall, in 1982, the non-life insurance business, which includes property/casualty and accident and health, accounted for $267 billion, or 57.3 percent, of the world premium volume. Life insurance accounted for some $199 billion, or 42.7 percent.

The Swiss Reinsurance Company noted that growth in non-life business in 1982 was only 2.2 percent, far lower than the average annual growth of some 12 percent over the last two decades and an even higher 14 percent in the period of 1970-1980. Apart from foreign exchange fluctuations, the company observed, the slowdown in 1982 was attributable to the depressed economic conditions in that year in many countries.

Premium volume in life insurance, which Swiss Re said seemed to have been less affected by economic fluctuations than non-life, was up 5.4 percent worldwide in 1982. However, as with non-life, the growth rate was considerably lower than the annual average of 15 percent recorded during the period 1970-1980.

Nevertheless, in a relatively few nations, life insurance in 1982 constituted more than half of the total insurance market. In Japan, life insurance accounted for more than 70 percent of total insurance premiums, and for some 22 percent of all life insurance purchased in the free world. In Great Britain, life insurance in 1982 accounted for nearly

55 percent of the total insurance business and for nearly 8 percent of the world's life insurance market.

Perhaps the most significant development, in terms of the world insurance scene, in recent years has been the emergence of Japan as a major insurance market. As recently as 1965, Japan accounted for less than 5 percent of insurance (non-life and life combined) written in the free world; by 1981 and again in 1982 that nation claimed some 13.4 percent. However, North America (the United States and Canada) continued to hold a predominant position with some 51 percent of the total world market, as shown in the first table below.

Swiss Re noted that the estimated world premium volume of $466 billion in 1982 is exclusive of an estimated $6 billion in premiums written by off-shore (captive) companies.

The second table below lists the 10 leading insurance countries, based on total premium income from direct domestic business of all national and foreign insurers.

World Premium Volume by Economic Area* in Billions of U.S. Dollars and Percentages, 1981-1982

	Amount		World Share (%)					
			1982			1981		
Region	1982	1981	Total	Non-Life	Life	Total	Non-Life	Life
North America	$237.9	$222.3	51.0	55.6	45.0	49.4	53.6	43.6
European Community**	109.4	111.2	23.5	24.7	21.9	24.7	25.8	23.2
Rest of Europe	20.5	21.8	4.4	4.7	4.0	4.9	5.1	4.5
Japan	62.6	60.5	13.4	6.9	22.1	13.4	7.1	22.2
Oceania	9.3	8.5	2.0	2.2	1.7	1.9	2.1	1.6
Other Countries	26.4	25.7	5.7	5.9	5.3	5.7	6.3	4.9
World Total	$466.0#	$450.0	100.0	100.0	100.0	100.0	100.0	100.0

*Excluding Eastern Bloc countries.

**West Germany, Great Britain, France, Netherlands, Italy, Belgium, Denmark, Ireland, Greece, Luxembourg.

#Individual figures do not add up to total because of the effects of rounding.

Sources: 1981 data, North American Reinsurance Corporation (Sigma, May 1983); 1982 data, Swiss Reinsurance Company (Sigma, April 1984).

The World's Leading Insurance Countries in 1982 (Premiums in Millions of U.S. Dollars)

Position	Country	Non-Life Premiums	Life Premiums	Total Premiums	Percentage of Total World Premiums
1	United States	$138,928	$83,116	$222,044	47.65
2	Japan	18,524	44,101	62,625	13.44
3	West Germany	22,927	15,826	38,753	8.32
4	Great Britain	12,608	15,116	27,724	5.95
5	France	14,938	5,962	20,900	4.49
6	Canada	9,431	6,390	15,821	3.40
7	Australia	5,490	2,778	8,268	1.77
8	Netherlands	4,323	3,342	7,665	1.65
9	Italy	6,454	883	7,337	1.57
10	Switzerland	3,190	3,158	6,348	1.36

Source: Swiss Reinsurance Company (Sigma, April 1984).

2. Dollars and Cents of the Business

Net Premiums Written by Line

Total premiums written by insurance companies in 1983 in the United States for all types of insurance approximated $228 billion.

Purchases of property and casualty insurance increased about 4.8 percent in 1983. Net premiums written by property and casualty companies totaled nearly $109 billion in 1983.

Approximate premium totals for principal property, liability and allied lines of insurance in 1982 and 1983 are tabulated below, along with the percentage of change in premium volume in each of those lines in 1983.

Net Premiums Written by Line, 1982-1983*

	1983	1982	% Change
Auto Liability, Pvt. Passenger	$ 23,343,939,000	$ 21,487,468,000	+ 8.6
Auto Liability, Commercial	4,736,128,000	4,738,978,000	– 0.1
Total Auto Liability	28,080,067,000	26,226,446,000	+ 7.1
Auto Physical Damage, Pvt. Passenger	16,974,304,000	15,292,070,000	+ 11.0
Auto Physical Damage, Commercial	2,773,199,000	2,713,417,000	+ 2.2
Total Auto Physical Damage	19,747,503,000	18,005,487,000	+ 9.7
Total Automobile	47,827,570,000	44,231,933,000	+ 8.1
Medical Malpractice	1,568,001,000	1,490,270,000	+ 5.2
General Liability	5,679,295,000	5,668,459,000	+ 0.2
Total Liability (other than auto)	7,247,296,000	7,158,729,000	+ 1.2
Fire Insurance and Allied Lines**	4,608,304,000	4,836,408,000	– 4.7
Homeowners Multiple Peril	12,511,830,000	11,746,998,000	+ 6.5
Farmowners Multiple Peril	691,553,000	668,991,000	+ 3.4
Commercial Multiple Peril	7,292,720,000	7,009,385,000	+ 4.0
Workers' Compensation	14,005,293,000	13,945,256,000	+ 0.4
Inland Marine	2,649,461,000	2,509,999,000	+ 5.6
Ocean Marine	1,096,231,000	1,100,596,000	– 0.4
Surety and Fidelity	1,648,849,000	1,454,158,000	+ 13.4
Burglary and Theft	105,825,000	114,905,000	– 7.9
Boiler and Machinery	355,861,000	292,845,000	+ 21.5
Glass	27,092,000	28,814,000	– 6.0
Aircraft	301,584,000	253,639,000	+ 18.9
Accident and Health	4,347,760,000	4,306,651,000	+ 1.0
Other Lines	4,265,579,000	4,308,914,000	– 1.0
Total, All Lines	$108,982,808,000	$103,968,221,000	+ 4.8

*Net premiums written represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured.

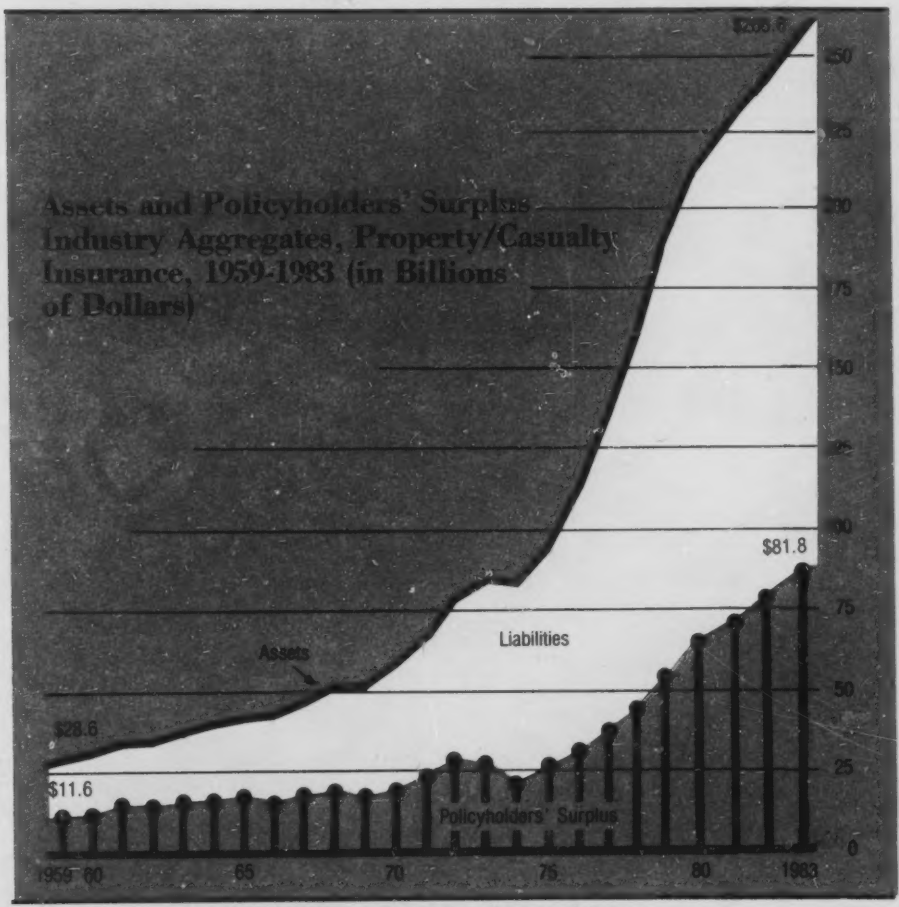
**Allied lines data include crop-hail insurance premiums, reported separately on Page 28.

Sources: A.M. Best Company, Inc., Best's Aggregates & Averages

Assets and Policyholders' Surplus

An idea of the strength and reliability of the property and casualty companies may be gained from a review of their assets and policyholders' surplus. The surplus is the sum remaining after liabilities are deducted from assets, and includes such sums as paid-in capital and special voluntary reserves. It provides additional financial protection to policyholders in the event of unexpected or catastrophic losses.

Traditionally, assets and policyholders' surplus have been reported in terms of aggregate totals, with the resul. that the industrywide figures have included some duplications because of interownerships within company groups. Since these figures have been reported consistently on the same basis, however, they provide a clear reflection of historical trends. The graph below, based on aggregate rather than consolidated figures, shows that while both the industry's assets and the policyholders' surplus account have been climbing steadily with some fluctuations, liabilities have been increasing at a greater rate than surplus.



Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

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Consolidated totals, computed by eliminating interownerships, provide a more accurate picture of the industry's financial position. The table below reflects an increase of 8.6 percent in policyholders' surplus from 1982 to 1983 and an increase of 85.4 percent since 1978. Assets, up 7.5 percent in 1983, have risen by some 67.1 percent since 1978. Most of these assets are invested in government, industrial and utility bonds, high grade stocks and to some extent in the real estate which the companies use for their own offices.

Consolidated Assets and Policyholders' Surplus, 1978-1983

	Assets	Annual % Change	Policyholders Surplus	Annual % Change
1978	$149,097,273,952		$35,378,833,175	
1979	174,227,967,482	+ 16.9	42,456,100,830	+ 20.0
1980	197,660,794,250	+ 13.4	52,196,380,693	+ 22.9
1981	212,302,741,594	+ 7.4	53,804,788,612	+ 3.1
1982	231,692,712,528	+ 9.1	60,394,591,263	+ 12.2
1983	249,121,082,570	+ 7.5	65,605,727,424	+ 8.6

Source: Best's Aggregates & Averages.

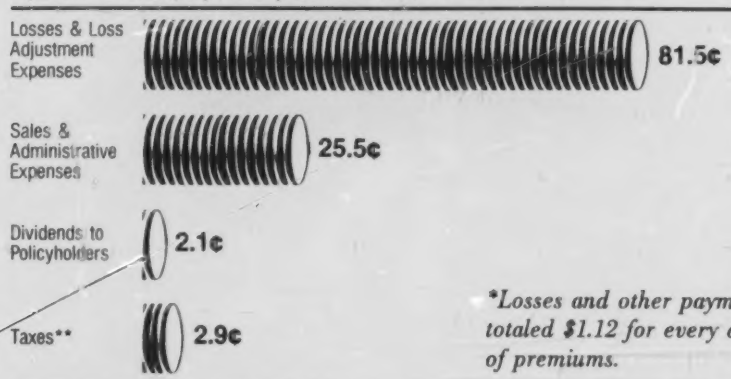
Where the Premium Dollar Goes

Losses and the expenses involved in adjusting claims accounted for more than 81 cents of every premium dollar taken in by property and casualty insurers in 1983. The overall cost of underwriting operations in 1983 amounted to the equivalent of $1.12 for every dollar in premiums, although the underwriting operations are intended to yield a reasonable profit.

Even in unprofitable years, some companies pay dividends to commercial policyholders that reflect their favorable loss experience, or dividends that reflect the total loss experience of certain lines of insurance.

Where the Premium Dollar Goes

Experience of the Property/Casualty Insurance Business in 1983*



**Losses and other payments totaled $1.12 for every dollar of premiums.*

***Excluding federal and foreign income and real estate taxes.*

Source: A.M. Best Company, Inc.

Operating Results, Property/Casualty Insurers

Profits and losses of property and casualty insurance companies, particularly in recent years, have been subject to greater fluctuations than those of such other industries as banks, utilities and industrial companies. Separate analyses show that:

- The property/casualty business during the last quarter-century has recorded a net underwriting loss, after policyholders' dividends, of more than $43 billion. The industry has shown profits on underwriting operations in only nine of the last 25 years and in only five of the last 15 years (Table I).
- Investments of capital and surplus accounts, together with money set aside as loss reserves and unearned premium reserves, have generated income in those 25 years (Table II), thus permitting companies to continue their insurance operations despite the frequent underwriting deficits.

While the industry enjoyed a 7.2 percent increase in investment income in 1983, to a record $15.97 billion, the net underwriting loss jumped by 29.5 percent to a new high mark of $13.3 billion. The resulting combined net income total of $2.65 billion was the industry's lowest since 1976.

I — Underwriting Results
Property/Casualty Insurance Business, 1959-1983

Year	Statutory Underwriting Gain/Loss	Policyholder Dividends	Net Underwriting Gain/Loss
1959	$ 426,979,850	$ 299,492,435	$ 127,487,415
1960	462,366,550	312,538,826	149,827,724
1961	482,088,786	317,267,523	164,821,263
1962	343,667,196	297,153,061	46,514,135
1963	– 165,513,560	342,918,102	– 508,431,662
1964	– 325,722,907	346,383,390	– 672,106,297
1965	– 352,262,383	357,266,631	– 709,529,514
1966	386,926,845	406,801,627	– 19,874,782
1967	233,618,824	448,577,105	– 254,958,281
1968	– 148,223,790	420,525,267	– 568,749,057
1969	– 529,899,198	518,055,044	– 1,047,954,242
1970	77,776,245	503,557,640	– 425,781,395
1971	1,381,800,492	555,628,714	826,171,778
1972	1,797,933,814	736,282,724	1,061,651,090
1973	791,761,321	785,697,875	6,063,446
1974	– 1,878,371,405	766,526,721	– 2,644,898,126
1975	– 3,593,959,232	632,838,443	– 4,226,797,675
1976	– 1,558,551,291	630,100,279	– 2,188,651,570
1977	1,926,315,435	814,512,866	1,111,802,569
1978	2,548,142,724	1,251,810,856	1,296,331,868
1979	23,605,762	1,324,377,487	– 1,300,771,725
1980	– 1,712,423,071	1,621,544,714	– 3,333,967,785
1981	– 4,463,887,604	1,823,748,383	– 6,287,635,987
1982	– 8,303,039,432	1,986,826,602	– 10,289,866,034
1983	– 11,087,953,340	2,234,116,716	– 13,322,070,056

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Data provided by the National Association of Insurance Commissioners show that in the 10-year period from 1972 through 1981, the industry's annual operating profit or loss (after income taxes and exclusive of capital gains) as a percentage of sales ranged from a 1.8 percent loss in 1975 to a 5.9 percent profit in 1978, then skidded downward each year to reach 3.7 percent in 1981. The NAIC found that profits considered as a return on net worth ranged from a low of 1.8 percent in 1975 to a high of 18.0 percent in 1978 (see tabulation on Page 22).

II — Investment Income, Property/Casualty Insurers*, 1959-1983

1959	$ 684,701,752	1972	$ 2,799,737,168
1960	767,895,538	1973	3,325,344,488
1961	813,163,277	1974	3,832,669,322
1962	883,630,622	1975	4,150,203,882
1963	947,022,329	1976	4,805,938,998
1964	1,031,931,888	1977	5,815,788,033
1965	1,131,625,619	1978	7,289,554,007
1966	1,217,979,544	1979	9,279,235,043
1967	1,351,764,288	1980	11,063,492,131
1968	1,511,509,149	1981	13,248,494,833
1969	1,711,806,360	1982	14,906,655,340
1970	2,005,080,766	1983	15,973,234,243
1971	2,421,495,267		

*Industrywide investment income, less investment expenses, before taxes. Figures for years prior to 1977 are aggregates and include some duplications because of interownerships within company groups. Totals from 1977 through 1983 have been consolidated to eliminate such duplications. Aggregate investment income figures for all years were used in the development of the second and third charts on Page 21 in order to provide a consistent reflection of historical trends.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

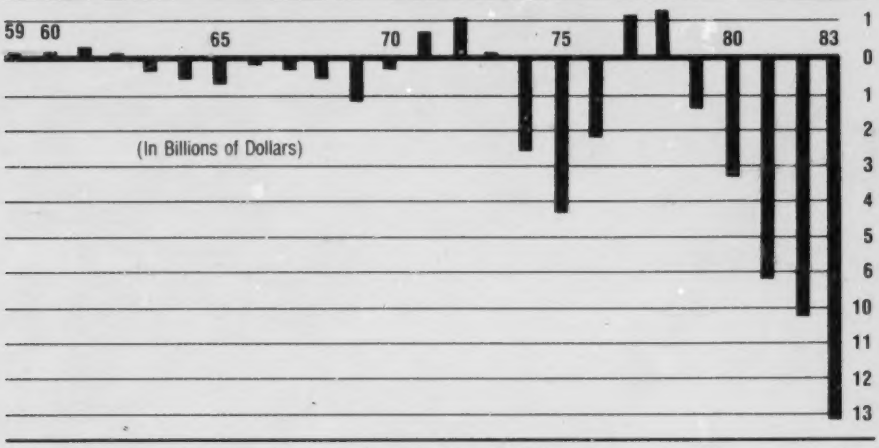
III — Combined Net Income* Before Taxes, Property/Casualty Insurers, 1959-1983

1959	$ 812,189,167	1972	$ 3,861,388,258
1960	917,723,312	1973	3,331,407,934
1961	977,984,540	1974	1,187,771,196
1962	930,144,757	1975	76,593,793
1963	438,590,667	1976	2,617,267,428
1964	359,825,591	1977	6,927,590,602
1965	422,096,105	1978	8,585,885,875
1966	1,198,104,762	1979	7,978,463,318
1967	1,096,806,007	1980	7,729,524,346
1968	942,760,092	1981	6,960,858,846
1969	663,852,118	1982	4,616,789,306
1970	1,579,299,371	1983	2,651,164,187
1971	3,247,667,045		

*Includes both underwriting gains or losses and investment income.

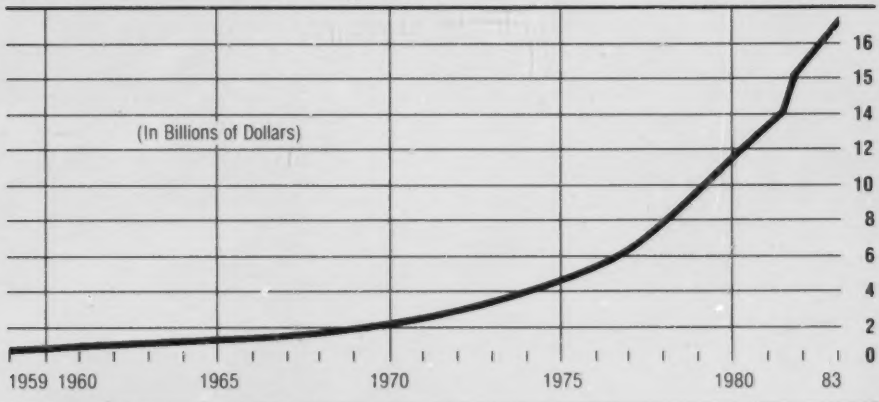
Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Underwriting Gains/Losses After Policyholder Dividends Property/Casualty Insurance Business, 1959-1983



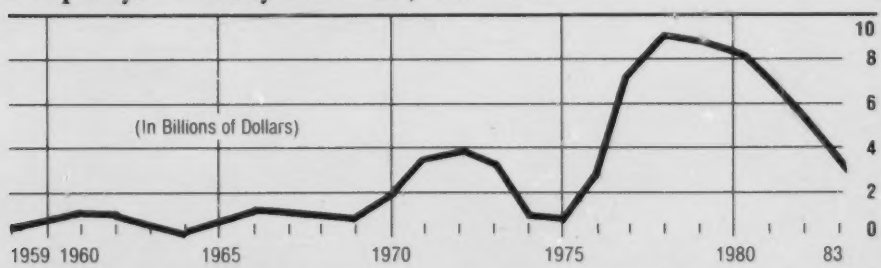
Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Investment Income, Property/Casualty Insurers*, 1959-1983



***Industry aggregates less investment expenses; before taxes.**
Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Combined Net Income* Before Taxes, Property/Casualty Insurers, 1959-1983



***Includes both underwriting gains or losses and aggregate investment income.**
Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Profitability, Insurance and Other Industries

The highly competitive nature of the property/casualty insurance business generally has held its profitability over the years below the average of all U.S. industries, although in some years it has outperformed other industries, including those which are financially oriented.

In 1982 and 1983 the rate of return on net worth in the insurance industry went below 10 percent; in the first quarter of 1984 it was as low as 3 percent. Generally, the return on net worth of the property/ casualty insurance business has been considerably less stable over the years than those recorded by other industries.

The table below compares the average annual rates of return of property/casualty insurers, diversified financial companies as a group, banks, utilities, transportation and all industries combined. The diversified financial group is composed largely of companies engaged in property and casualty insurance with or without life insurance and other financial services.

The insurance data are shown on two bases. The first figures shown are on the basis of Generally Accepted Accounting Principles (GAAP). Most U.S. industries use GAAP accounting, and thus the data on this basis are more directly comparable to those of other industries. However, the figures are only estimates because many insurance companies, particularly mutuals, do not report their data on the GAAP basis.

The second column on property/casualty insurance shows the rate of return on the statutory accounting basis. Statutory accounting is the accounting system that practically all insurance companies use in reporting to state regulators. In general, it is a more conservative system of accounting than GAAP.

Average Annual Rates of Return on Net Income After Taxes as Percent of Net Worth, Selected Industries

	Property/Casualty Insurance						
Year	GAAP Accounting	Statutory Accounting	Diversified Financial	Banks	Utilities	Transportation	All* Industries
1974	6.1%	6.5%	7.5%	12.8%	9.8%	6.5%	13.6%
1975	2.4	2.7	8.9	12.1	9.9	3.7	11.6
1976	10.0	8.9	12.1	11.5	10.6	8.8	13.3
1977	19.0	21.3	16.7	11.6	11.1	10.1	13.5
1978	18.1	20.5	17.3	12.9	11.3	13.3	14.3
1979	15.5	17.4	17.5	14.1	12.0	13.2	15.9
1980	13.1	14.7	14.0	13.4	11.7	11.3	14.4
1981	11.8	13.3	11.4	13.0	12.7	13.3	13.8
1982	8.8	9.3	10.0	12.0	12.5	7.9	10.9
1983	8.3	9.1	12.3	11.4	8.8	10.7	10.6
Average: 1974-83	11.3%	12.4%	12.8%	12.5%	11.0%	9.9%	13.2%

*Median for Fortune 500 U.S. Industrial Corporations.

Sources: Property/casualty insurance data: GAAP accounting basis, Insurance Services Office. Statutory accounting rate of return calculated by Insurance Information Institute, based on A.M. Best data. All other industry figures based on Fortune Magazine data; rates of return are figure averages, except for All industries, which is the median.

Investments of Property/Casualty Insurers

Investments of property/casualty insurance companies totaled $191 billion in 1983. Investments represent 77 percent of total assets. Assets not considered investments include such items as cash, office equipment and supplies.

Fixed income securities continue to dominate the investment portfolios, with special revenue bonds accounting for nearly a third of the industry's invested assets in 1983. Special revenue bonds include those issued by hospitals and colleges for expansion of facilities as well as those issued for public works programs, toll bridges and highways.

The last decade has seen significant fluctuations in the make up of insurers' investment portfolios. Overall, the portion of those portfolios invested in bonds climbed from 59.56 percent in 1973 to 71.38 percent in 1983, while holdings of common stocks dropped from 35.25 percent to 21.51 percent over the same period.

Funds used by property/casualty companies for investments are generally derived from three major sources: policyholders' surplus, unearned premium reserves and loss reserves. The companies maintain the bulk of their funds in investments that can be sold readily so that prompt payment of claims in the event of a catastrophe is assured.

Investments of Property/Casualty Insurers

	% in 1983	% in 1978	% in 1973
Bonds	**71.38**	**79.07**	**59.56**
U.S. Government	14.70	12.12	7.35
Other Government	.74	.82	.45
State, Municipal, etc.	13.92	16.46	18.31
Special Revenue, etc.	31.46	33.43	22.46
Railroad	.28	.41	.36
Utility	3.32	4.25	3.50
Miscellaneous	6.70	11.19	6.74
Parent, Subs., Affiliates	.26	.39	.38
Common Stock	**21.51**	**16.68**	**35.25**
Railroad	.14	.04	.11
Utility	1.66	1.60	3.06
Bank		.96	2.32
Insurance		.40	.40
Bank and Insurance*	1.87		
Miscellaneous	11.81	9.41	17.56
Parent, Subs., Affiliates	6.03	4.26	11.80
Preferred Stock	**5.05**	**3.60**	**4.83**
Railroad	.06	.01	.08
Utility	3.28	2.80	3.77
Bank		.06	.03
Insurance		.05	.02
Bank and Insurance*	.25		
Miscellaneous	1.41	.64	.85
Parent, Subs., Affiliates	.06	.03	.09
Other	**2.07**	**.65**	**.38**
Mortgages	1.21	.31	.24
Collateral Loans	.06	.04	.06
Other Invested Assets	.79	.30	.08

*Separate break-out of bank and insurance items no longer available as of 1983.

NOTE: Sums of individual items may not add up to totals because of the effects of rounding.

Source: A.M. Best Company, Inc.

Net Premiums Written, 1974-1983

Total net premiums written by property and casualty companies have risen from about $45.1 billion in 1974 to nearly $109 billion in 1983. Accident and health premiums accounted for $4.35 billion of the total premiums written in 1983 by property and casualty insurers.

Total Net Premiums Written by Property and Casualty Insurance Companies, 1974-1983 (000 Omitted)

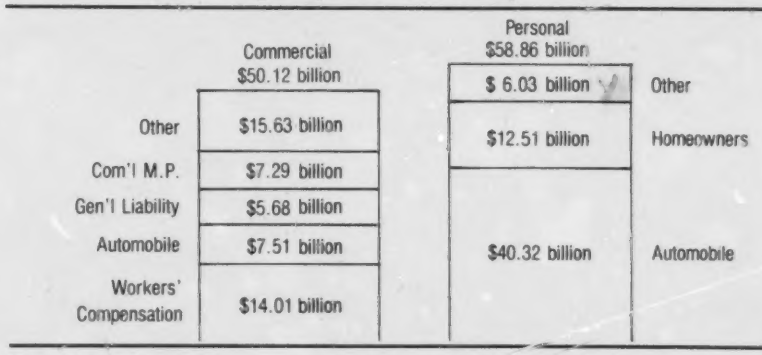
Year	Accident and Health	All Other	Total	Annual % Change
1974	$1,718,787	$ 43,433,572	$ 45,152,359	
1975	1,820,412	48,146,153	49,966,565	+ 10.7
1976	2,120,152	58,693,166	60,813,318	+ 21.7
1977	2,316,734	70,080,195	72,396,929	+ 19.0
1978	2,627,884	79,062,047	81,689,931	+ 12.8
1979	3,179,250	86,943,369	90,122,619	+ 10.3
1980	3,290,764	92,388,785	95,568,749	+ 6.0
1981	3,585,113	95,690,462	99,275,575	+ 3.9
1982	4,306,651	99,661,570	103,968,221	+ 4.7
1983	4,347,760	104,635,048	108,982,808	+ 4.8

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Who Pays the Premium Dollar?

Purchases by individuals and their families accounted for approximately 54 percent of the nearly $109 billion in net premiums written by property and casualty insurers in the United States in 1983. Premiums paid by commercial purchasers amounted to about $50.12 billion with the heaviest concentrations in workers' compensation, automotive coverages, general liability and commercial multiple peril "package" policies. Estimates of the amount of premiums paid by commercial and individual insurance purchasers are shown below.

Purchases of Property and Casualty Insurance, 1983



Source: Insurance Information Institute, based on data provided by A.M. Best Company.

Automobile Insurance

In the face of continually climbing medical, legal and automobile repair costs, a vast majority of America's 152 million motorists are recognizing the prudence of purchasing automobile insurance to protect themselves against financial hardship resulting from motor vehicle accidents.

Auto insurance, in fact, is by far the largest single classification of the property/casualty insurance business. The premium volume of some $47.8 billion recorded in 1983 was 8.1 percent higher than that of the previous year and was more than double that of 1975, only eight years earlier. Auto insurance in 1983 accounted for about 43.9 percent of the total premium volume written by property/casualty insurers.

Automobile liability insurance comprised more than 60 percent of all auto insurance purchases in 1983. The possession of auto liability insurance has become a virtual necessity for most motorists, both for their own financial protection and to enable them to meet the requirements of financial responsibility laws and/or compulsory auto insurance laws of their states (see Page 95).

Auto insurance is purchased primarily by individuals or family groups. In 1983, only 15.7 percent of all automobile insurance was purchased by industrial and other commercial buyers. From 1982 to 1983, the premium volume rose by some 9.6 percent for private passenger insurance but increased by less than 1 percent for the commercial auto lines.

While some companies recorded at least modest profits, the industry as a whole suffered an underwriting loss of more than $3.8 billion on the auto insurance lines in 1983. The commercial lines accounted for about a third of that deficit. Overall, the auto insurance business has been in the red in eight of the last 10 years.

The worst losses have been in the area of commercial liability. The combined ratio for that line in 1983 was 132.0, meaning that for every premium dollar paid in, insurance companies' expenses and losses totaled $1.32.

Automobile Liability Insurance, 1974-1983

	Private Passenger			Commercial		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1974	$ 9,688,569,000		101.7	$2,321,486,000		108.3
1975	10,775,475,000	+11.2%	109.3	2,539,220,000	+ 9.4%	107.5
1976	12,899,103,000	+19.7	104.6	3,152,478,000	+24.2	103.0
1977	15,085,260,000	+16.9	98.8	3,892,498,000	+23.5	98.4
1978	16,047,775,000	+ 6.4	98.3	4,335,232,000	+11.4	99.3
1979	17,385,444,000	+ 8.3	100.8	4,716,903,000	+ 8.8	104.4
1980	18,590,373,000	+ 6.9	102.6	4,728,913,000	+ 0.3	109.0
1981	19,649,912,000	+ 5.7	108.9	4,745,262,000	+ 0.3	117.5
1982	21,487,468,000	+ 9.4	110.1	4,738,978,000	− 0.1	125.6
1983	23,343,939,000	+ 8.6	111.0	4,736,128,000	− 0.1	132.0

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Automobile Physical Damage Insurance, 1974-1983

Year	Private Passenger Premiums Written	Private Passenger Annual % Change	Private Passenger Combined Ratio*	Commercial Premiums Written	Commercial Annual % Change	Commercial Combined Ratio*
1974	$5,903,408,000		100.2	$1,160,151,000		100.0
1975	6,385,762,000	+ 8.2%	114.0	1,237,178,000	+ 6.6%	106.6
1976	7,987,437,000	+25.1	104.9	1,577,822,000	+27.5	95.9
1977	9,605,041,000	+20.3	92.1	1,946,717,000	+23.4	88.0
1978	10,540,718,000	+ 9.7	95.9	2,294,195,000	+17.8	89.5
1979	11,909,408,000	+13.0	100.3	2,628,293,000	+14.6	93.6
1980	13,086,150,000	+ 9.9	96.6	2,746,853,000	+ 4.5	95.9
1981	14,033,870,000	+ 7.2	98.6	2,713,919,000	− 1.2	99.8
1982	15,292,070,000	+ 9.0	101.4	2,713,417,000	− 0.0	106.0
1983	16,974,304,000	+11.0	96.3	2,773,199,000	+ 2.2	105.9

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages

Fire Insurance and Allied Lines

With fire insurance coverage sold widely as part of the popular homeowners and commercial multiple peril policies, premium volume from fire insurance policies declined in 1983 for the fourth consecutive year. The premium volume for allied lines, which includes crop-hail insurance as well as coverage against windstorm, earthquake and other perils, declined by about 5.1 percent.

Both fire insurance, normally a profitable line, and the allied lines showed deficits in 1983.

Fire Insurance and Allied Lines, 1974-1983

Year	Fire Insurance Premiums Written	Fire Insurance Annual % Change	Fire Insurance Combined Ratio*	Allied Lines** Premiums Written	Allied Lines** Annual % Change	Allied Lines** Combined Ratio*
1974	$2,429,159,000		95.9	$1,109,051,000		98.3
1975	2,510,230,000	+ 3.3%	95.9	1,180,946,000	+ 6.5%	92.8
1976	2,810,538,000	+12.0	92.3	1,291,270,000	+ 9.3	84.6
1977	3,057,800,000	+ 8.8	90.1	1,442,158,000	+11.7	78.8
1978	3,223,389,000	+ 5.4	88.8	1,451,979,000	+ 0.7	89.9
1979	3,246,495,000	+ 0.7	94.3	1,534,155,000	+ 5.7	100.7
1980	3,209,955,000	− 1.1	97.7	1,573,940,000	+ 2.6	103.8
1981	3,192,516,000	− 0.5	97.6	1,624,487,000	+ 3.2	94.6
1982	3,153,523,000	− 1.2	97.4	1,682,885,000	+ 3.6	99.2
1983	3,011,743,000	− 4.5	104.1	1,596,561,000	− 5.1	108.3

*Before dividends to policyholders.

**Covers a wide variety of perils, including windstorm, riot, explosion, sprinkler leakage, water damage and earthquakes, also includes crop-hail premiums.

Source: A. M. Best Company, Inc., Best's Aggregates and Averages

Multiple Peril Insurance

Until the mid-1950s, property owners had to buy a variety of insurance coverages separately in order to obtain full coverage against such perils as fire, windstorm, burglary and theft, and to protect themselves against liability claims. While most property owners purchased fire and extended coverage insurance, many failed to take advantage of other available forms of coverage. It was to help people more adequately safeguard their resources that insurers developed the homeowners, commercial and other "package" policies offering adequate coverage against a variety of perils at a cost lower than the combined costs of the individual coverages.

The success of the package policies has had a pronounced effect on the amount of insurance written on such separate lines as fire and extended coverage, liability (other than auto), burglary and theft, inland marine and glass because of the inclusion of such coverages in the various multiple peril policies.

In recent years, growth in the homeowners and farmowners package policies has leveled out and is now at about the rate of growth in the overall economy. Growth in commercial multi-peril has been lackluster over the last few years because of severe competition in this line.

Partly because of a high degree of competition which exists among insurers that market the multiple peril lines, all three lines have been unprofitable in recent years, and the commercial multiple peril line produced its worst-ever result in 1983.

Homeowners/Commercial Multiple Peril, 1974-1983

	Homeowners			Commercial		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1974	$ 4,156,088,000		105.7	$2,856,828,000		100.9
1975	4,729,381,000	+ 13.8	106.2	3,176,373,000	+ 11.2	98.4
1976	5,688,547,000	+ 20.3	97.2	4,051,785,000	+ 25.7	93.2
1977	6,795,492,000	+ 19.5	91.6	4,970,508,000	+ 22.7	86.5
1978	7,792,293,000	+ 14.7	92.0	5,829,795,000	+ 17.3	84.1
1979	8,791,661,000	+ 12.8	98.6	6,666,822,000	+ 14.4	92.5
1980	9,820,753,000	+ 11.7	104.9	6,885,159,000	+ 3.3	98.0
1981	10,779,626,000	+ 9.8	101.4	6,869,978,000	− 0.2	106.0
1982	11,746,998,000	+ 9.0	103.5	7,009,385,000	+ 2.0	115.6
1983	12,511,830,000	+ 6.5	103.2	7,292,720,000	+ 4.0	122.6

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages

Farmowners Multiple Peril, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$224,401,000		115.0
1975	259,906,000	+15.8%	113.1
1976	313,114,000	+20.5	103.0
1977	386,709,000	+23.5	97.4
1978	434,478,000	+12.4	96.1
1979	518,569,000	+19.4	93.2
1980	554,759,000	+ 7.0	112.0
1981	619,889,000	+11.7	111.2
1982	668,991,000	+ 7.9	120.0
1983	691,553,000	+ 3.4	111.4

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Crop-Hail Insurance

Hail storms, which occur most frequently in the Great Plains states, often destroy hundreds of thousands — even millions — of dollars worth of crops. Crop-hail insurance provides financial protection against damage resulting from hail or other perils.

The crop-hail insurance industry was highly profitable in 1983 for the second consecutive year despite a 16.5 percent decline in premium volume. The Crop-Hail Insurance Actuarial Association attributed the drop in premiums to the U.S. Department of Agriculture's Payment-in-Kind program which idled more than 80 million insurable acres in 28 states.

Leading premium volume states were Iowa, Illinois, North Dakota, Nebraska and Kansas.

The private insurers wrote an additional $101 million in multiple peril crop insurance in 1983, up from $78 million in 1982. Enactment of the Federal Crop Insurance Act of 1980 made it feasible for insurers to offer this "all-risk" coverage because of the availability of reinsurance from the government. However, both private industry and the Federal Crop Insurance Corporation sustained heavy losses on this business because of a severe drought in the Midwest — one of the 20th century's worst — in 1983.

Crop-Hail Insurance, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$261,186,000		104.9
1975	311,031,000	+19.1%	96.4
1976	324,150,000	+ 4.2	93.4
1977	338,963,000	+ 4.6	105.4
1978	349,782,000	+ 3.2	111.1
1979	394,666,000	+12.8	92.4
1980	415,368,000	+ 5.2	133.3
1981	502,503,000	+21.0	102.1
1982	531,570,000	+ 5.8	88.7
1983	443,838,000	−16.5	88.7

*Combined loss ratios are estimates based on expenses reported by members and subscribers of the Crop-Hail Insurance Actuarial Association.

Source: Crop-Hail Insurance Actuarial Association.

General Liability Insurance

General liability insurance provides protection against claims arising from injuries to others, or damage to property of others, and for which the insured person is held responsible because of ownership of property, a manufacturing or contracting operation, the sale or distribution of products, the operation of elevators and the like, as well as professional services. The general liability line does not cover injuries or damages growing out of automobile accidents, which must be purchased separately.

Sharp increases in the number of lawsuits and the average size of claims in recent years, particularly against doctors and other professional people and product manufacturers, have helped to generate a continuing need for the financial protection afforded by general liability insurance. Although liability coverage is included in both commercial and homeowners "package" policies, the premium volume for the general liability line alone rose steadily for many years. Underwriting profits in 1977 and 1978, however, created a competitive market which brought down the cost of general liability insurance. This development, in turn, contributed to a slowdown in the premium growth rate in 1978 and 1979 and to a decline in premium volume in each of the next three years.

This line has been increasingly unprofitable since 1979.

Medical Malpractice: Medical malpractice insurance premiums were included in the general liability totals through 1974, but have been reported separately since that time. A proliferation of insurance claims and lawsuits against hospitals, doctors and other medical practitioners has not only generated a heavy demand for medical malpractice insurance in recent years, but has contributed to increasingly heavy underwriting losses over the last six years.

Medical malpractice premiums increased by 5.2 percent from 1982 to 1983.

General Liability/Medical Malpractice, 1975-1983

	General Liability			Medical Malpractice		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$3,085,226,000		115.6	$ 895,435,000		117.7
1976	4,251,298,000	+37.8	106.5	1,132,790,000	+26.5	109.8
1977	5,845,075,000	+37.9	99.6	1,247,798,000	+10.2	92.9
1978	6,490,064,000	+11.0	96.9	1,215,789,000	− 2.6	102.6
1979	6,612,474,000	+ 1.9	97.6	1,204,326,000	− 0.9	112.6
1980	6,414,678,000	− 3.0	106.6	1,275,603,000	+ 5.9	128.2
1981	6,046,292,000	− 5.7	115.3	1,338,299,000	+ 4.9	135.7
1982	5,668,459,000	− 6.2	128.6	1,490,270,000	+11.4	149.3
1983	5,679,295,000	+ 0.2	137.6	1,568,001,000	+ 5.2	150.1

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Workers' Compensation Insurance

Workers' compensation insurance is designed to provide for the cost of medical care, rehabilitation and lost wages for injured employees and death benefits for the dependents of persons killed in work-related accidents. The scope of this coverage has broadened considerably in recent years, in large measure because of improvements in state laws to meet performance standards recommended in 1972 by the National Commission on State Workmen's Compensation Laws. Many states have taken action not only to expand benefits but also to make the coverage applicable to classifications of employees not previously covered.

About nine out of ten people in the nation's work force have the protection of workers' compensation insurance, which today is compulsory for nearly all employees in all but three states, New Jersey, South Carolina and Texas. Even in those states, however, most businesses provide the coverage in order to limit their risk of negligence suits.

With the recession of recent years and a continuing high rate of unemployment held to be the main contributing factors, the annual premium volume gained only fractionally in 1983 after the first decline in many years in 1982.

Among the incentives offered to employers by workers' compensation insurers to develop and implement effective safety programs is the practice of returning premium dollars at the end of each year to companies with a favorable loss experience. Workers' compensation insurers account for a large part of the dividends returned to policyholders by property/casualty insurers each year with the result that the line has been generally unprofitable for many years despite combined loss and expense ratios which have been less than 100.0 in six of the last ten years. In 1983 alone, dividends to policyholders amounted to about 10.6 percent of premiums earned by workers' compensation insurers.

Workers' Compensation, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$5,473,481,000		99.9
1975	6,185,943,000	+13.0%	101.1
1976	7,534,249,000	+21.8	104.2
1977	9,357,399,000	+24.2	103.5
1978	11,300,144,000	+20.8	99.4
1979	13,164,144,000	+16.5	96.4
1980	14,238,247,000	+ 8.2	93.4
1981	14,616,297,000	+ 2.7	94.1
1982	13,945,256,000	− 4.6	94.0
1983	14,005,293,000	+ 0.4	101.9

*Before dividends to policyholders.
Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Surety and Fidelity

Surety bonds, including contract, license and permit, court and fiduciary bonds, provide for monetary compensation should there be a failure to perform certain acts — such as the proper fulfillment of a construction contract — within a stated period. Surety bond premiums increased 16.3 percent in 1983.

Fidelity bonds, a suretyship product, are a form of protection against losses caused by dishonest or fraudulent acts of employees. Although most financial institutions are bonded, fewer than 25 percent of mercantile establishments protect themselves with fidelity bonds. In 1983, the premium volume rose by some 4.6 percent.

Surety and Fidelity, 1974-1983

	Surety			Fidelity		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1974	$ 551,646,000		113.6	$196,787,000		102.7
1975	566,869,000	+ 2.8	122.1	221,741,000	+ 12.7	108.9
1976	587,154,000	+ 3.6	102.5	247,678,000	+ 11.7	105.4
1977	663,083,000	+ 12.9	96.4	291,114,000	+ 17.5	110.4
1978	759,480,000	+ 14.5	96.9	316,703,000	+ 8.8	105.4
1979	805,142,000	+ 6.0	90.8	350,046,000	+ 10.5	87.9
1980	887,577,000	+ 10.2	105.7	360,063,000	+ 2.9	93.2
1981	970,498,000	+ 9.3	86.1	380,749,000	+ 5.7	98.9
1982	1,094,117,000	+ 12.7	89.4	360,041,000	− 5.4	113.5
1983	1,272,198,000	+ 16.3	87.5	376,651,000	+ 4.6	122.3

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Burglary and Theft Insurance

The burglary lines include coverages for loss of property (including money and securities) due to burglary, robbery and larceny, and loss of money and securities due to destruction or disappearance. Much of this coverage is now included in package policies. Countrywide, premium volume declined in 1983 for the fourth consecutive year.

Burglary and Theft, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$129,800,000		87.9
1975	120,083,000	− 7.5	86.9
1976	124,447,000	+ 3.6	78.0
1977	129,538,000	+ 4.1	71.3
1978	132,855,000	+ 2.6	70.5
1979	140,071,000	+ 5.4	78.1
1980	135,727,000	− 3.1	88.8
1981	127,534,000	− 6.0	92.9
1982	114,905,000	− 9.9	94.5
1983	105,825,000	− 7.9	87.0

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Boiler and Machinery Insurance

This specialized line covers a wide variety of power-producing equipment. Insurance companies place considerable emphasis on inspection and engineering techniques in the interest of safety. The growth of automation in industrial processes and the increased size and sophistication of production facilities have heightened the need for loss-preventive services. The boiler and machinery premium volume jumped by 21.5 percent in 1983 to an all-time high of nearly $356 million.

Boiler and Machinery, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$141,039,000		103.5
1975	173,169,000	+22.8	96.2
1976	169,827,000	− 1.9	93.8
1977	216,772,000	+27.6	87.3
1978	255,873,000	+18.0	84.5
1979	282,795,000	+10.5	87.5
1980	292,624,000	+ 3.5	90.2
1981	298,320,000	+ 1.9	92.4
1982	292,845,000	− 1.8	100.3
1983	355,861,000	+21.5	107.1

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Glass Insurance

Architectural demands, merchandising trends and decorative constructional functions have contributed to an ever-increasing use of glass and a continuing need for glass insurance. With glass coverage included in many of the popular multiple peril package policies, premium volume for glass insurance dropped in 1983 for the fifth consecutive year.

Glass, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$34,234,000		106.7
1975	32,155,000	− 6.1	109.7
1976	32,492,000	+ 1.0	100.5
1977	34,298,000	+ 5.6	95.2
1978	34,951,000	+ 1.9	99.3
1979	33,457,000	− 4.3	103.3
1980	32,248,000	− 3.6	110.3
1981	31,085,000	− 3.6	108.8
1982	28,814,000	− 7.3	105.2
1983	27,092,000	− 6.0	105.3

*Before dividends to policyholders.

Source: A.M. Best Company, Best's Aggregates & Averages.

Inland Marine Insurance

Inland marine insurance, originally developed to cover goods in transit by other than ocean vessels, today covers such instruments of transportation as bridges and tunnels as well as personal effects, personal property, jewelry, furs, fine arts and many other properties.

Inland marine premium volume continues to increase each year despite the diversion of personal property coverages to homeowners and other package forms.

Inland Marine, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$1,169,305,000		95.1
1975	1,266,138,000	+ 8.3	94.6
1976	1,444,450,000	+14.1	89.6
1977	1,606,518,000	+11.2	85.7
1978	1,867,189,000	+16.2	86.5
1979	2,061,306,000	+10.4	94.9
1980	2,291,294,000	+11.2	102.1
1981	2,427,692,000	+ 6.0	102.1
1982	2,509,999,000	+ 3.4	102.1
1983	2,649,461,000	+ 5.6	102.8

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Ocean Marine Insurance

The American ocean marine hull and cargo market has gradually expanded in volume and capacity. Its growth reflects not only greater international trade but the increase in ownership of pleasure craft along the coastal and inland waterways. However, premium volume for ocean marine insurance declined slightly in 1982 and again in 1983.

Ocean Marine, 1974-1983

Year	Premiums Written	Annual % Change	Combined Ratio*
1974	$ 765,379,000		104.7
1975	860,960,000	+12.5	108.7
1976	902,408,000	+ 4.8	98.4
1977	971,456,000	+ 7.7	101.2
1978	1,000,203,000	+ 3.0	100.3
1979	1,008,816,000	+ 0.9	108.5
1980	1,064,798,000	+ 5.5	115.0
1981	1,126,766,000	+ 5.8	110.3
1982	1,100,596,000	- 2.3	112.9
1983	1,096,231,000	- 0.4	112.6

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Nuclear Insurance

Insurance against losses resulting from nuclear accidents is provided by three insurance company groups: the American Nuclear Insurers, the Mutual Atomic Energy Liability Underwriters and the MAERP Reinsurance Association. Coverage against nuclear losses through the pools has been available since 1957.

Together the nuclear pools make available to any nuclear facility:

- Up to $160 million of liability coverage (bodily injury and property damage combined) and $30 million of contingent liability. These coverages provide financial protection for the general public.
- Up to $585 million of insurance to cover damage to the property of nuclear facility operators on an "all-risk" basis.

For both forms of coverage, premium volume has been increasing steadily over the years. An estimated $33.1 million in liability premiums in 1983 represented a rise of more than 9 percent from the 1982 total. Property insurance premiums jumped by 13 percent to a record $111.7 million.

A large share of the liability premium income of the pools has been returned to the nuclear facilities annually in the form of refunds. Under a program known as the Industry Credit Rating Plan, approximately 70 percent of liability premium income is placed in a reserve fund used only for loss or loss expense payments. That portion not used during a period of 10 years is refunded to the insureds. More than $2.3 million was refunded in 1982 and another $3.2 million in 1983, bringing to more than $23.9 million the amount returned to the facilities since 1967.

The following table shows the premium income since 1957 for the nuclear insurance domestic liability and property insurance pools.

Nuclear Insurance Premiums, 1957-1983

Year	Liability Premium	% Annual Change, 1977-1983	Property Premium	% Annual Change, 1977-1983
1957-1975	$74,006,812*		$117,094,889*	
1976	15,351,874		25,520,449	
1977	17,532,802	+14.2	28,773,664	+12.7
1978	19,184,000	+ 9.4	30,702,774	+ 6.7
1979	20,316,309	+ 5.9	40,199,176	+30.9
1980	23,002,157	+13.2	61,353,439	+52.6
1981	27,521,486	+19.6	74,263,992	+20.0
1982	30,255,952	+ 9.9	98,826,043	+33.1
1983	33,100,000**	+ 9.4	111,680,839	+13.0

*Represents gross written premium from inception to Nov. 30, 1975.

**Estimated.

Source: American Nuclear Insurers.

Direct Written Premiums by State

Direct premiums written by property and casualty insurance companies in 1983 totaled about $111 billion, an increase of 5.7 percent over the 1982 total. Data provided by A.M. Best Company (representing about 98 percent of the nation's total insurance market) provided the basis for the tabulations that follow of premiums by state and by line.

The direct written premium total included $107,816,727,000 in premiums for the various property and casualty coverages and $3,242,255,000 in accident and health insurance premiums.

The totals differ slightly from the premium totals shown elsewhere in Insurance Facts because the tabulations presented here are based on direct premiums written and those used elsewhere are based on net premiums written. Direct written premiums are the amounts actually paid by the policyholders. Net written premiums reflect additional exchanges of premiums among insurance companies which contract, through a process known as reinsurance, to absorb specified portions of each other's losses.

Direct Written Premiums by State, 1983 (000 Omitted)

State	All Lines' Total	State	All Lines' Total
Alabama	$ 1,324,532	Montana	$ 369,454
Alaska	435,923	Nebraska	744,197
Arizona	1,345,493	Nevada	442,836
Arkansas	863,401	New Hampshire	531,005
California	14,475,059	New Jersey	5,056,451
Colorado	1,513,509	New Mexico	597,132
Connecticut	2,025,034	New York	9,294,680
Delaware	298,545	North Carolina	2,015,675
District of Columbia	357,916	North Dakota	313,622
Florida	5,077,705	Ohio	4,150,842
Georgia	2,276,301	Oklahoma	1,634,348
Hawaii	566,501	Oregon	1,130,696
Idaho	383,632	Pennsylvania	5,515,224
Illinois	5,368,526	Rhode Island	493,862
Indiana	1,979,933	South Carolina	1,203,147
Iowa	1,286,276	South Dakota	279,017
Kansas	1,182,740	Tennessee	1,686,141
Kentucky	1,251,767	Texas	8,547,007
Louisiana	2,387,380	Utah	483,598
Maine	523,554	Vermont	242,817
Maryland	2,066,822	Virginia	2,137,914
Massachusetts	3,552,304	Washington	1,659,564
Michigan	4,168,463	West Virginia	593,447
Minnesota	2,189,422	Wisconsin	1,840,976
Mississippi	896,919	Wyoming	211,218
Missouri	2,086,458		
		Countrywide	$111,058,982

Source: A.M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums, Selected Lines, 1983 (000 Omitted)

State	Pvt. Pass. Automobile Liability	Commercial Automobile Liability	Pvt. Pass. Automobile Phys. Dmg.	Commercial Automobile Phys. Dmg.	Homeowners	Farmowners
Alabama	$ 198,077	$ 60,851	$ 254,198	$ 41,536	$ 208,122	$ 15,795
Alaska	42,896	16,921	42,661	8,999	33,662	16
Arizona	362,734	56,879	211,391	23,822	159,232	3,063
Arkansas	135,057	44,190	139,964	29,357	124,378	6,868
California	3,063,943	534,909	2,096,323	251,064	1,511,367	40,325
Colorado	313,632	70,469	268,197	46,601	187,085	13,034
Connecticut	448,286	83,161	270,765	43,382	245,029	917
Delaware	64,934	13,208	44,329	6,661	31,484	1,589
Dist. of Col.	49,003	9,964	32,163	3,563	26,363	8
Florida	1,285,329	262,714	767,280	111,297	570,649	7,181
Georgia	509,167	114,267	384,981	59,590	279,796	22,166
Hawaii	121,093	28,961	67,960	11,693	41,405	—
Idaho	70,553	16,708	59,975	12,568	37,974	11,250
Illinois	1,023,885	202,226	782,253	109,518	588,271	56,593
Indiana	402,219	96,805	333,106	64,864	301,053	48,528
Iowa	216,644	61,897	173,480	40,554	127,228	26,548
Kansas	206,125	49,769	188,643	40,435	156,537	31,938
Kentucky	230,420	52,281	203,657	38,221	154,416	38,522
Louisiana	439,044	143,264	329,696	60,205	290,643	1,937
Maine	74,837	23,885	67,975	15,470	70,976	1,007
Maryland	560,659	93,366	294,915	39,613	211,959	6,150
Massachusetts	746,998	165,975	653,759	106,408	460,202	621
Michigan	767,704	117,432	868,629	99,902	499,934	43,583
Minnesota	438,969	89,230	261,030	53,496	266,845	24,267
Mississippi	134,003	44,268	150,811	32,796	125,436	519
Missouri	380,181	90,877	357,840	56,849	265,787	32,737
Montana	63,427	21,651	56,129	18,842	38,836	10,558
Nebraska	103,563	36,928	105,075	28,739	80,675	22,761
Nevada	125,154	18,823	75,893	8,650	60,197	1,602
New Hampshire	103,757	25,692	91,013	17,447	72,881	158
New Jersey	1,612,204	273,866	663,139	126,154	464,609	761
New Mexico	93,393	24,077	101,361	17,509	68,206	4,485
New York	2,013,011	480,593	1,068,620	203,429	993,466	8,762
North Carolina	485,565	106,698	336,034	56,190	273,342	16,598
North Dakota	48,804	12,682	47,160	12,546	26,957	14,297
Ohio	851,171	169,079	669,306	103,393	535,326	28,582
Oklahoma	238,517	82,494	270,714	60,962	230,871	25,601
Oregon	264,222	50,910	177,736	28,926	125,387	13,833
Pennsylvania	1,433,641	261,172	760,637	126,289	550,196	14,422
Rhode Island	93,310	21,555	74,579	11,846	64,750	28
South Carolina	316,282	48,547	209,913	27,463	164,074	2,808
South Dakota	41,800	13,493	39,261	12,253	22,478	11,829
Tennessee	317,579	75,299	276,873	42,285	252,757	21,571
Texas	1,301,592	444,113	1,460,230	283,053	912,702	91,386
Utah	101,823	23,928	91,601	17,837	57,335	2,443
Vermont	34,787	11,071	37,841	8,053	35,589	5,141
Virginia	548,648	104,869	339,882	47,863	231,131	9,520
Washington	418,812	74,267	269,395	38,277	233,739	15,865
West Virginia	149,734	28,790	135,689	19,102	81,199	2,701
Wisconsin	369,169	79,287	254,661	48,383	195,452	37,523
Wyoming	33,109	9,538	46,600	10,352	29,143	4,475
Totals	$23,449,465	$5,043,898	$16,965,331	$2,784,306	$12,777,132	$803,512

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums, Selected Lines, 1983 (000 Omitted)

State	Commercial Multi-Peril	Workers' Compensation	Medical Malpractice	Other Liability	Fire	Allied Lines
Alabama	$ 89,963	$ 156,684	$ 23,458	$ 72,164	$ 53,199	$ 20,922
Alaska	34,246	120,110	3,851	28,632	12,044	3,268
Arizona	106,464	126,310*	38,360	106,817	22,698	16,775
Arkansas	64,049	122,105	8,931	40,667	39,739	23,098
California	1,174,032	2,876,873*	309,985	863,629	294,701	151,921
Colorado	136,788	154,672*	14,114	95,289	22,067	30,295
Connecticut	157,270	334,120	42,232	163,050	35,450	18,618
Delaware	17,726	43,975	7,490	21,105	5,923	2,975
Dist. of Col.	29,562	87,022	13,412	39,590	7,849	3,230
Florida	400,693	578,994	110,144	294,395	78,693	56,294
Georgia	144,817	291,518	30,868	113,436	60,949	29,449
Hawaii	35,399	159,987	5,644	32,013	11,411	5,481
Idaho	31,386	59,324*	5,536	19,832	8,099	10,789
Illinois	435,861	662,099	131,424	467,144	113,641	107,952
Indiana	187,819	138,062	22,089	122,155	50,310	30,936
Iowa	89,512	164,768	21,886	102,102	34,126	105,636
Kansas	82,621	147,157	11,606	62,111	27,723	53,005
Kentucky	90,519	150,123	20,601	73,113	36,977	19,965
Louisiana	131,631	407,642	24,701	164,284	73,775	44,588
Maine	36,881	143,362	5,301	23,908	17,168	5,208
Maryland	130,525	346,943*	44,754	120,641	42,009	15,749
Massachusetts	243,963	607,729	10,418	200,456	69,950	27,806
Michigan	322,342	515,158*	98,381	451,604	74,980	28,323
Minnesota	159,047	342,716	32,438	136,241	40,532	89,441
Mississippi	43,974	107,964	10,818	50,567	61,532	32,603
Missouri	161,671	201,327	33,820	148,232	55,847	39,374
Montana	33,179	40,213*	5,484	18,870	9,301	20,129
Nebraska	57,968	85,783	6,629	43,957	20,370	57,814
Nevada	48,189	1,897*	7,917	31,674	8,771	5,078
New Hampshire	34,861	101,199	2,349	25,019	13,838	4,959
New Jersey	356,200	763,137	95,823	290,764	72,284	32,961
New Mexico	45,965	134,881	1,386	32,438	13,984	9,442
New York	899,581	836,371*	293,241	859,794	193,227	59,081
North Carolina	111,276	232,964	25,129	84,407	62,251	47,870
North Dakota	22,944	384*	6,079	19,389	10,016	54,324
Ohio	343,449	7,752*	88,452	278,703	106,244	50,044
Oklahoma	116,491	248,143*	18,173	98,618	37,739	42,123
Oregon	88,352	130,324*	22,251	64,544	29,366	17,239
Pennsylvania	377,324	929,477*	102,533	378,830	157,134	45,010
Rhode Island	37,820	98,628	1,655	25,530	10,843	4,925
South Carolina	71,655	149,272	3,745	47,439	43,721	21,065
South Dakota	21,700	26,814	5,194	15,248	8,977	24,978
Tennessee	126,524	213,521	32,114	79,268	56,160	20,348
Texas	407,774	1,614,242	72,576	554,004	276,232	208,290
Utah	40,882	38,883*	8,762	27,878	7,300	4,096
Vermont	25,324	34,313	2,708	15,167	8,506	3,024
Virginia	132,992	306,524	38,966	106,511	56,446	24,480
Washington	145,715	28,560*	41,377	105,007	42,191	27,327
West Virginia	42,914	1,121*	15,481	34,278	23,879	6,158
Wisconsin	140,936	310,357	11,523	141,959	41,946	26,190
Wyoming	23,742	2,371*	2,387	12,484	5,471	4,751
Totals	$8,292,519	$15,383,875*	$1,994,193	$7,404,958	$2,667,230	$1,795,407

*Does not include premiums written by state workers' compensation insurance funds.

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums, Selected Lines, 1983 (000 Omitted)

State	Inland Marine	Ocean Marine	Surety	Fidelity	Burglary & Theft	Boiler & Machinery
Alabama	$ 38,371	$ 9,960	$ 17,497	$ 4,854	$ 1,219	$ 3,786
Alaska	11,874	14,124	18,153	1,173	185	1,709
Arizona	29,842	2,133	23,435	2,978	783	2,770
Arkansas	32,646	2,496	10,037	3,299	667	2,766
California	390,116	94,815	196,199	41,047	9,045	27,347
Colorado	48,027	1,301	28,897	6,380	1,583	4,910
Connecticut	48,968	12,786	15,674	7,826	2,576	6,126
Delaware	5,881	2,739	8,632	1,165	274	1,835
Dist. of Col.	– 6,204	1,127	10,073	7,053	811	2,243
Florida	145,958	44,221	107,556	15,843	4,547	11,468
Georgia	77,228	8,555	26,001	8,687	2,302	7,326
Hawaii	8,566	5,316	8,974	1,661	785	1,245
Idaho	13,112	571	4,979	1,398	128	1,845
Illinois	155,771	23,168	74,157	31,703	6,509	17,427
Indiana	49,345	4,170	21,050	8,721	1,727	7,178
Iowa	37,873	1,599	12,784	5,077	1,150	4,918
Kansas	37,335	961	14,100	5,519	1,142	3,342
Kentucky	36,351	5,289	16,661	5,016	969	6,125
Louisiana	70,461	74,018	35,932	6,607	1,689	7,510
Maine	12,096	5,250	3,635	1,708	476	2,514
Maryland	50,238	9,864	26,378	6,149	1,899	4,378
Massachusetts	77,847	29,505	40,993	12,086	3,057	12,674
Michigan	81,155	16,459	31,972	13,150	2,816	12,969
Minnesota	64,765	12,293	28,623	10,722	1,945	5,823
Mississippi	34,527	3,679	11,001	4,264	1,427	2,496
Missouri	61,603	25,055	22,550	9,731	2,751	7,659
Montana	10,167	327	7,873	1,298	214	1,029
Nebraska	27,084	3,731	8,423	3,621	793	2,801
Nevada	10,619	880	12,993	1,811	623	1,279
New Hampshire	10,278	2,467	4,648	1,746	494	1,099
New Jersey	102,747	19,041	39,554	16,931	5,751	13,887
New Mexico	14,617	321	10,959	1,673	381	1,238
New York	291,534	447,190	148,857	60,938	15,904	30,009
North Carolina	59,292	7,760	18,837	6,367	1,775	7,638
North Dakota	10,868	125	4,932	1,197	272	842
Ohio	110,266	15,193	40,271	15,874	7,236	13,367
Oklahoma	60,521	4,635	19,518	6,226	1,185	5,977
Oregon	31,385	15,787	20,214	3,727	1,112	4,882
Pennsylvania	114,688	17,739	52,416	18,829	5,275	16,073
Rhode Island	21,568	5,005	5,457	2,231	480	1,740
South Carolina	30,941	3,986	14,211	2,905	816	3,014
South Dakota	7,824	78	3,701	1,329	253	898
Tennessee	52,036	4,762	23,868	7,208	1,446	5,953
Texas	299,918	96,735	118,063	33,459	7,346	24,968
Utah	12,580	683	13,269	2,374	342	1,622
Vermont	5,419	1,630	2,793	668	195	859
Virginia	50,047	12,393	28,130	6,953	2,094	6,292
Washington	59,444	45,502	34,541	6,671	1,572	5,837
West Virginia	14,821	843	9,152	2,849	642	2,182
Wisconsin	32,684	4,347	12,845	7,660	2,593	9,031
Wyoming	7,847	183	8,009	1,127	140	1,154
Totals	$3,062,947	$1,122,796	$1,479,478	$439,492	$111,396	$334,058

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums, Selected Lines, 1983 (000 Omitted)

State	Glass	Aircraft	Earthquake	Credit	Accident & Health	Miscellaneous
Alabama	$ 224	$ 6,474	$ 136	$ 970	$ 31,512	$ 14,558
Alaska	13	20,215	1,208	3,416	2,723	13,824
Arizona	201	9,871	482	842	24,722	12,890
Arkansas	151	6,204	401	430	18,029	8,221
California	4,245	72,474	77,232	10,978	242,937	139,554
Colorado	279	12,261	731	1,032	36,438	19,426
Connecticut	344	13,161	592	1,610	57,773	15,316
Delaware	71	1,273	43	576	12,245	2,312
Dist. of Col.	50	5,525	46	91	31,119	4,251
Florida	792	32,397	621	3,856	116,586	70,198
Georgia	253	14,562	432	3,238	54,969	31,741
Hawaii	266	3,047	351	13	8,670	6,553
Idaho	49	3,530	92	264	9,724	3,676
Illinois	2,519	26,097	1,341	5,334	298,638	44,995
Indiana	527	7,150	383	1,591	65,468	14,676
Iowa	577	5,193	222	510	45,492	6,501
Kansas	495	12,219	226	569	39,483	9,675
Kentucky	221	4,661	504	569	25,834	40,752
Louisiana	304	18,974	232	2,321	33,795	24,127
Maine	94	1,280	99	246	6,464	3,710
Maryland	345	5,459	156	2,313	30,602	21,757
Massachusetts	1,035	6,374	1,049	5,548	46,803	21,048
Michigan	737	16,812	584	4,855	70,278	28,704
Minnesota	302	13,603	376	2,602	99,390	14,729
Mississippi	208	4,260	145	884	29,450	9,287
Missouri	522	13,878	2,412	1,835	93,201	20,719
Montana	61	3,088	110	74	5,980	2,614
Nebraska	234	4,908	246	30	35,727	6,336
Nevada	81	5,566	422	194	11,005	3,517
New Hampshire	106	1,830	124	363	10,338	4,340
New Jersey	1,244	13,868	474	3,769	62,735	24,548
New Mexico	93	3,667	143	818	9,556	6,540
New York	2,593	30,044	1,106	17,964	272,848	66,516
North Carolina	318	8,839	221	2,673	41,838	21,432
North Dakota	59	1,813	45	16	16,390	1,479
Ohio	1,181	16,907	982	4,837	658,159	35,067
Oklahoma	380	11,904	393	310	31,857	20,995
Oregon	317	9,063	577	1,919	18,497	10,124
Pennsylvania	1,132	15,433	505	4,683	94,726	37,058
Rhode Island	72	792	125	817	5,047	5,058
South Carolina	189	3,855	1,022	306	19,434	16,485
South Dakota	93	1,291	26	112	17,889	1,498
Tennessee	172	7,210	949	2,210	48,875	17,155
Texas	1,693	64,208	1,358	4,921	143,864	124,282
Utah	102	6,785	479	238	17,324	5,030
Vermont	47	928	47	136	7,082	1,490
Virginia	442	6,201	182	1,634	45,122	30,591
Washington	514	12,779	1,737	1,001	28,266	21,168
West Virginia	233	2,260	70	366	13,647	5,336
Wisconsin	659	6,266	179	2,104	89,483	15,740
Wyoming	32	2,116	31	101	4,218	1,838
Totals	$26,872	$578,578	$101,649	$108,195	$3,242,255	$1,089,438

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Premium Taxes

Insurance companies—including life, health and property/casualty companies—paid more than $3.87 billion in premium taxes to the 50 states and the District of Columbia in 1983—an increase of about 12 percent over the 1982 total. Approximately 48 percent of this amount was paid by property/casualty companies.

Premium taxes actually are taxes on gross income, and as such amount to an additional form of taxation on policyholders. Additional payments are made to states for licenses and fees, property taxes, sales and use taxes, unemployment compensation taxes, and in a few states, income and franchise taxes. Premium taxes accounted for about 2.3 percent of all taxes collected by the states during 1983.

Premium Taxes by State, 1983

Alabama	$ 76,710,000	Missouri	$ 105,532,000
Alaska	13,482,000	Montana	24,799,000
Arizona	39,485,000	Nebraska	25,599,000
Arkansas	38,226,000	Nevada	15,440,000
California	658,704,000	New Hampshire	15,143,000
Colorado	47,871,000	New Jersey	103,599,000
Connecticut	77,705,000	New Mexico	25,191,000
Delaware	13,619,000	New York	222,619,000
District of Columbia	15,969,000	North Carolina	98,722,000
Florida	125,715,000	North Dakota	10,153,000
Georgia	70,356,000	Ohio	152,556,000
Hawaii	27,670,000	Oklahoma	67,490,000
Idaho	23,517,000	Oregon	34,154,000
Illinois	110,091,000	Pennsylvania	177,102,000
Indiana	57,977,000	Rhode Island	14,487,000
Iowa	49,432,000	South Carolina	52,906,000
Kansas	44,901,000	South Dakota	14,853,000
Kentucky	99,334,000	Tennessee	72,663,000
Louisiana	121,780,000	Texas	222,693,000
Maine	15,842,000	Utah	22,984,000
Maryland	66,040,000	Vermont	7,236,000
Massachusetts	134,890,000	Virginia	87,071,000
Michigan	102,345,000	Washington	53,619,000
Minnesota	68,776,000	West Virginia	34,398,000
Mississippi	56,650,000	Wisconsin	45,691,000
		Wyoming	7,719,000
		Total	$3,873,406,000

Source: Bureau of the Census, U.S. Department of Commerce.

Insurance Guaranty Funds

All 50 states, the District of Columbia and Puerto Rico have established procedures under which solvent property and casualty insurance companies absorb losses of claimants against insolvent insurers. New York for many years has had a pre-assessment fund law which requires the permanent maintenance of an insolvency fund (to which companies contribute) with a statutory $200 million ceiling. The other jurisdictions have set up insurance guaranty associations through which solvent companies pay assessments as needed, on a proportionate basis.

From the inception of the post-assessment funds in 1969 through December 1983, the associations have assessed insurers more than $453 million to cover 84 property and casualty insurance company insolvencies, including four in 1983.

The figures do not include assessments made under New York's pre-assessment insolvency fund nor payments made by individual companies under the insolvency provision of the uninsured motorist endorsement to auto insurance policies. They also do not take into consideration recoupments available in some states through premium tax offsets and policyholder surcharges.

Guaranty Fund Assessments by State, 1969-1983

State	Amount Assessed All Companies	State	Amount Assessed All Companies
Alabama	$ 226,040	Nebraska	$ 3,537,866
Alaska	2,359,182	Nevada	2,725,807
Arizona	3,553,000	New Hampshire	665,616
Arkansas	199,447	New Jersey	13,497,431
California	131,904,552	New Mexico	900,389
Colorado	2,712,549	North Carolina	1,008,287
Connecticut	4,393,357	North Dakota	7,171
Delaware	293,800	Ohio	9,709,650
District of Columbia	296,147	Oklahoma	196,883
Florida	84,201,351	Oregon	1,598,508
Georgia	8,036,704	Pennsylvania	31,449,742
Hawaii	1,199,493	Rhode Island	1,623,479
Idaho	833,387	South Carolina	1,136,891
Illinois	21,848,976	South Dakota	166,905
Indiana	1,839,862	Tennessee	700,396
Iowa	2,713,705	Texas	10,441,800
Kansas	1,347,522	Utah	120,182
Kentucky	3,264,985	Vermont	188,597
Louisiana	5,830,857	Virginia	629,429
Maine	359,561	Washington	2,841,582
Maryland	3,851,009	West Virginia	1,509,329
Massachusetts	17,233,533	Wisconsin	5,456,107
Michigan	17,676,292	Wyoming	137,390
Minnesota	13,387,664	Puerto Rico	28,785,039
Mississippi	1,829,266		
Missouri	2,222,570	Total	$453,734,637
Montana	1,085,350		

Source: National Committee on Insurance Guaranty Funds.

3. Shared Market

The Automobile Shared Market

The insurance industry has established mechanisms in every state to provide coverage for drivers who, for whatever reason, are unable to obtain insurance in the voluntary market. The first of the shared market mechanisms was established in New Hampshire in 1938. Today, all 50 states and the District of Columbia use one of four systems to guarantee the availability of auto insurance.

- Automobile Insurance Plan—Auto insurance applicants unable to obtain coverage in the competitive market are distributed to insurance companies in proportion to the amount of business each insurer writes voluntarily in the state. Each insurer services the policyholders as it services other customers.
- Joint Underwriting Association—JUAs are pooling mechanisms where all companies share in the profits and losses as well as expenses incurred. Agents submit applications to several companies which have agreed to issue and service policies.
- Reinsurance Facility—Under this pooling system, each auto insurer is required to provide coverage and service the claims for any applicant, but is permitted to transfer a percentage of its policies to the facility. Profits or losses are shared by all insurers licensed in the state.
- State Fund—Maryland established a state funded mechanism in 1973. Private insurers don't participate directly in the Maryland Automobile Insurance Fund, but are required by law to subsidize any losses from the operation, with the cost being charged back against their own policyholders.

Although only a small percentage of cars is insured through the shared market, 5.9 percent in 1982, many of the mechanisms have been loss producers for a number of years. The Automobile Insurance Plans Service Office (AIPSO), which gathers statistics and provides services for most of the jurisdictions, estimates that total shared market underwriting losses in 1982, the latest year for which data were available, exceeded $1.1 billion. AIPSO placed shared market underwriting deficits at nearly $5.8 billion for the 10-year period 1973-1982. The New Jersey Automobile Insurance Plan and the Massachusetts Facility accounted for $3.4 billion, or 59 percent, of the losses during that 10-year period.

AIPSO data reflect decreases from 1982 to 1983 in the numbers of cars insured through the shared market mechanisms of 46 states. The number of cars insured through plans nationwide declined by 11 percent in 1983. State by state data are tabulated on the next page.

Private Passenger Cars Insured Through the Shared Market Mechanisms (Written Car Years)

State	Insured in Shared Market, 1983	Insured in Shared Market, 1982	% Change 1982-83
Alabama	5,075	6,832	-25.7%
Alaska	1,310	1,954	-33.0
Arizona	119	259	-54.1
Arkansas	2,093	2,837	-26.2
California	124,317	157,518	-21.1
Colorado	466	743	-37.3
Connecticut	134,313	174,953	-23.2
Delaware	13,709	18,519	-26.0
District of Columbia	3,869	2,067	+87.2
Florida	83,026	160,612	-48.3
Georgia	22,369	36,424	-38.6
Hawaii	1,950	8,180	-76.2
Idaho	242	298	-18.8
Illinois	3,606	6,839	-47.3
Indiana	1,170	1,201	-2.6
Iowa	736	806	-8.7
Kansas	22,633	34,150	-33.7
Kentucky	18,643	19,487	-4.3
Louisiana	33,848	70,824	-52.2
Maine	4,754	6,783	-29.9
Maryland	57,584*	53,896	+6.8
Massachusetts	1,313,000*	1,314,604	-0.1
Michigan	100,441	103,118	-2.6
Minnesota	4,092	7,167	-42.9
Mississippi	7,720	10,117	-23.7
Missouri	3,556	4,713	-24.5
Montana	214	347	-38.3
Nebraska	449	634	-29.2
Nevada	153	422	-63.7
New Hampshire	131,653*	133,462	-1.4
New Jersey	1,452,714	1,445,595	+0.5
New Mexico	548	733	-25.2
New York	792,989	807,697	-1.8
North Carolina	740,275*	848,348	-12.7
North Dakota	532	859	-38.1
Ohio	757	1,388	-45.5
Oklahoma	1,502	2,227	-32.6
Oregon	273	335	-18.5
Pennsylvania	123,851	159,230	-22.2
Rhode Island	29,933	29,924	+0.0
South Carolina	288,530	255,569	+12.9
South Dakota	317	402	-21.1
Tennessee	17,701	24,390	-27.4
Texas	159,439	484,046	-67.1
Utah	13	36	-63.9
Vermont	5,299	7,262	-27.0
Virginia	92,169	122,437	-24.7
Washington	6,113	10,865	-43.7
West Virginia	5,322	9,702	-45.1
Wisconsin	1,416	2,132	-33.6
Wyoming	535	550	-2.7
Countrywide	5,817,338	6,553,493	-11.2%

*Estimated.

Source: Automobile Insurance Plans Service Office.

Insurance Through FAIR and Windstorm Plans

A "soft" standard insurance market continued in 1983 to attract business away from the special Fair Access to Insurance Requirements (FAIR) Plans which provide insurance to many property owners in inner city and other high-risk areas in 26 states, the District of Columbia and Puerto Rico. The industry-operated FAIR Plans first came into existence in the late 1960s to make property insurance coverages more readily available to property owners who often had difficulty obtaining insurance because of abnormal exposure to threatening hazards over which they had no control.

The Property Insurance Plans Service Office, which provides administrative services to the plans, said the 27 jurisdictions from which data were available issued 779,357 policies in 1983, 9.4 percent fewer than in the preceding year. New applicants accounted for only 15.7 percent of the policies issued.

An 18 percent decline in commercial business accounted for most of a 7 percent drop in written premium volume, to $156.8 million from $168.6 million in 1982. Residential premiums were only marginally down. The plans sustained statutory underwriting losses of about $45.4 million in 1983, a decrease of 27 percent from 1982.

At the end of 1983, the 25 plans from which such data were available were providing about $25.3 billion of coverage.

Beach and windstorm plans, which operate in seven states along the Atlantic and Gulf Coasts where vulnerability to severe windstorm damage is especially high, recorded slightly increased activity in 1983. The number of policies issued was up about 1 percent, and the $6.4 billion of insurance in force at year end was about 3 percent higher than the total at the end of 1982. The seven plans collectively recorded a statutory underwriting loss of some $147 million in 1983, attributed largely to the severe damage inflicted by Hurricane "Alicia."

Insurance Provided by FAIR Plans

Jurisdiction	Applications, 1983 New	Applications, 1983 Renewal	Binders or Policies Issued, 1983 New	Binders or Policies Issued, 1983 Renewal	Insurance in Force 12/31/83 (000 omitted)
California	30,231	93,012	12,896	91,375	$ 9,926,851
Connecticut	1,758	7,538	735	4,982	267,757
Delaware	1,025	2,928	516	2,445	50,872
District of Columbia	1,431	6,225	658	5,854	398,612
Georgia	1,898	3,555	907	3,240	123,482
Illinois	11,880	46,475	4,010	33,340	1,059,564
Indiana	828	2,653	252	2,346	50,056
Iowa	325	886	177	878	19,308
Kansas	3,751	8,850	2,939	8,752	167,428
Kentucky	3,017	11,467	2,997	11,467	115,268
Louisiana	549	2,277	198	2,134	63,535
Maryland	3,832	16,646	2,573	15,809	260,544
Massachusetts	19,578	63,734	12,457	58,727	1,804,544
Michigan	31,397	128,850	30,005	123,184	5,337,337
Minnesota	507	1,003	274	976	45,668

Jurisdiction	Applications, 1983 New	Applications, 1983 Renewal	Binders or Policies Issued, 1983 New	Binders or Policies Issued, 1983 Renewal	Insurance in Force 12/31/83 (000 omitted)
Missouri	8,052	26,576	2,772	22,597	$ 383,384
New Jersey	14,465	62,074	7,437	57,000	2,036,906
New Mexico	766	1,655	621	1,429	60,169
New York	14,507	75,927	13,627	75,927	*
North Carolina	4,330	8,621	1,499	8,586	220,927
Ohio	4,818	16,657	3,178	16,303	307,673
Oregon	1,006	3,677	794	3,677	*
Pennsylvania	26,552	89,352	12,956	75,878	1,726,860
Puerto Rico	*	*	*	*	*
Rhode Island	3,258	9,621	2,565	8,705	251,097
Virginia	4,063	11,913	3,056	11,021	316,109
Washington	34	646	17	608	37,199
Wisconsin	4,191	12,554	2,318	9,483	259,931
Totals	198,049	715,372	122,434	656,923	$25,290,781

*Not available.

Source: Property Insurance Plans Service Office.

Insurance Provided by Beach and Windstorm Plans

State	Applications, 1983 New	Applications, 1983 Renewal	Binders or Policies Issued, 1983 New	Binders or Policies Issued, 1983 Renewal	Insurance in Force 12/31/83 (000 omitted)
Alabama	487	2,150	417	2,145	$ 115,411
Florida	9,064	33,798	7,428	33,647	3,297,002
Louisiana	1,518	*	1,324	6,469	186,375
Mississippi	983	4,680	947	4,670	119,312
North Carolina	1,631	5,196	1,198	5,025	273,679
South Carolina	667	3,951	614	3,804	296,131
Texas	51,554	+	34,525	+	2,091,078
Totals	65,904	49,775	46,453	55,760	$6,378,988

*Not available.
+ Included with New.

Source: Property Insurance Plans Service Office.

4. Government Insurance Programs

Flood Insurance in the United States

Flood insurance is available in every state, Puerto Rico, Guam and the Virgin Islands under a program developed jointly by the insurance business and the Federal Insurance Administration. The program is now administered by the FIA. Private insurers began selling flood insurance after Oct. 1, 1983, under a procedure providing for government reimbursement of losses not covered by premiums and income derived from the investment of those premiums.

In the six months from June 30 to Dec. 31, 1983, the number of flood insurance policies in force increased by about .6 percent from 1,895,606 to 1,906,868. The total amount of coverage in force rose by 3.2 percent from more than $109.5 billion to $113 billion.

An estimated 20,000 locations across the country are considered to be flood-prone. Under the Flood Disaster Protection Act of 1973, communities which are formally notified of their eligibility by the FIA have 12 months in which to agree to participate in the program and to take steps to minimize future flood damage. Residents of flood-prone communities which fail to participate and property owners who fail to purchase available flood insurance are ineligible for federal flood disaster assistance. Some 17,629 communities had qualified for the coverage as of Dec. 31, 1983.

Flood Insurance in the United States*

State	No. of Communities	Policies in Force			Insurance in Force (000 omitted)		
		Dwelling	Business and Other	Total	Dwelling	Business and Other	Total**
Alabama	268	12,648	2,437	15,085	$ 590,070	$ 202,406	$ 792,475
Alaska	20	3,071	181	3,252	163,484	20,550	184,035
Arizona	84	23,375	2,328	25,703	1,179,864	187,364	1,367,227
Arkansas	328	5,740	1,061	6,801	173,054	57,294	230,348
California	437	95,144	8,545	103,689	5,878,217	677,428	6,555,645
Colorado	287	7,182	1,920	9,102	339,185	160,555	499,739
Connecticut	182	12,670	2,618	15,288	643,020	222,250	865,270
Delaware	43	4,434	512	4,946	306,905	56,679	363,584
District of Columbia	1	17	21	38	563	1,852	2,416
Florida	356	455,273	88,436	543,709	29,657,892	6,785,778	36,443,670
Georgia	299	13,817	1,407	14,864	671,745	73,009	744,754
Hawaii	4	5,048	1,648	6,696	363,290	195,223	558,512
Idaho	141	2,003	257	2,260	85,847	18,333	104,180
Illinois	736	22,120	2,507	24,627	704,106	140,755	844,861
Indiana	344	11,213	961	12,174	331,363	49,239	380,602
Iowa	372	5,870	701	6,571	161,132	46,167	207,299
Kansas	305	6,523	869	7,392	191,594	50,976	242,570
Kentucky	243	13,661	2,739	16,400	439,849	187,248	627,096
Louisiana	266	222,187	18,613	240,800	12,365,959	1,636,980	14,002,939
Maine	952	4,023	965	4,988	125,054	48,473	173,527
Maryland	112	12,383	2,850	15,233	567,042	311,044	878,086
Massachusetts	323	21,384	3,050	24,434	895,536	233,391	1,128,927
Michigan	540	10,100	974	11,074	338,402	60,234	398,636
Minnesota	460	5,769	953	6,722	184,112	77,870	261,983
Mississippi	262	33,854	4,937	38,791	1,462,165	372,307	1,834,471
Missouri	475	13,160	2,745	15,905	352,241	160,458	512,699
Montana	99	2,032	233	2,265	73,015	11,075	84,089

State	No. of Communities	Policies in Force Dwelling	Policies in Force Business and Other	Policies in Force Total	Insurance in Force (000 omitted) Dwelling	Insurance in Force (000 omitted) Business and Other	Insurance in Force (000 omitted) Total**
Nebraska	268	7,080	642	7,722	$ 246,847	$ 47,371	$ 294,219
Nevada	27	5,813	345	6,158	239,698	25,899	265,597
New Hampshire	162	2,187	552	2,739	68,259	36,237	104,497
New Jersey	540	79,708	8,853	88,561	4,581,648	751,607	5,333,255
New Mexico	70	4,082	283	4,365	141,485	21,845	163,330
New York	1,469	64,317	7,146	71,463	2,560,628	426,826	2,987,454
North Carolina	313	23,556	3,564	27,120	1,191,834	286,514	1,478,347
North Dakota	228	5,624	505	6,129	177,294	28,504	205,798
Ohio	668	14,336	3,079	17,415	402,417	159,501	561,918
Oklahoma	310	8,470	1,075	9,545	412,026	84,159	496,185
Oregon	252	5,230	707	5,937	226,086	51,118	277,204
Pennsylvania	2,442	56,404	14,265	70,569	1,620,064	974,519	2,594,583
Rhode Island	38	5,848	1,126	[illegible]	277,924	104,469	382,393
South Carolina	166	25,445	3,117	28,562	1,872,040	299,744	2,171,784
South Dakota	100	826	198	1,024	24,550	16,519	41,069
Tennessee	214	4,827	1,198	6,025	166,211	69,423	235,634
Texas	788	250,049	27,346	277,395	18,516,568	2,542,092	21,058,660
Utah	177	4,068	643	4,711	144,044	38,797	182,841
Vermont	223	1,587	623	2,210	44,674	27,282	71,956
Virginia	251	24,212	3,220	27,432	1,420,780	301,822	1,722,602
Washington	244	14,392	2,535	16,927	790,796	228,552	1,019,348
West Virginia	266	12,787	2,617	15,404	330,561	142,847	473,408
Wisconsin	487	5,132	691	5,823	154,999	43,621	198,619
Wyoming	63	1,236	189	1,425	58,030	15,509	73,539
Guam	1	19	2	21	660	16	676
Puerto Rico	1	12,357	1,341	13,698	221,672	67,376	289,048
Virgin Islands	1	1,419	1,006	2,425	43,442	48,996	92,438
Countrywide	17,629	1,665,892	240,976	1,906,868	$91,179,942	$18,886,098	$113,066,040

*As of Dec. 31, 1983.

**Some totals do not balance because of rounding.

Source: Federal Insurance Administration

Federal Crime Insurance

The Federal Crime Insurance Program, established by Congress in 1970, began operation Aug. 1, 1971. It is administered by the federal insurance administrator, who is authorized to make federal crime insurance policies available in states in which that official perceives an availability problem. Policies, offered to both individuals and businesses, cover losses due to burglary and robbery.

Private insurers and statistical reporting companies act as servicing agents in participating states. Policies are sold through licensed property insurance agents and brokers.

In 1983, 27 states, the District of Columbia, Puerto Rico and the Virgin Islands were participating in the program. The Federal Insurance Administration reported that from the end of 1982 to year-end 1983 the number of policies in force decreased about 19 percent from 61,183 to 49,837. The amount of coverage in force also declined by 19 percent, from $492.1 million to $400.8 million.

Federal Crime Insurance, 1983

State	Policies in Force at Year End			Insurance in Force at Year End (000)		
	Residential	Commercial	Total	Residential	Commercial	Total
Alabama	722	44	766	$ 5,093	$ 308	$ 5,401
Arkansas	56	15	71	5,234	4,948	10,182
California	1,501	350	1,851	11,654	5,127	16,781
Colorado	41	46	87	307	346	653
Connecticut	176	44	220	1,237	292	1,529
Delaware	101	7	108	533	68	601
District of Columbia	86	167	253	612	1,849	2,461
Florida	2,224	574	2,798	18,556	6,423	24,979
Georgia	323	209	532	2,288	1,940	4,228
Illinois	526	371	897	3,580	3,183	6,763
Iowa	4	7	11	33	45	78
Kansas	338	32	370	1,652	243	1,895
Louisiana	35	21	56	262	131	393
Maryland	115	199	314	840	2,086	2,926
Massachusetts	1,151	421	1,572	6,542	3,855	10,397
Minnesota	18	8	26	101	55	156
Missouri	932	229	1,161	5,710	1,310	7,020
New Jersey	1,558	385	1,943	11,049	4,395	15,444
New Mexico	12	3	15	103	3	106
New York	22,288	7,477	29,765	168,311	81,709	250,020
North Carolina	698	21	719	4,183	175	4,358
Ohio	363	217	580	2,040	1,928	3,968
Pennsylvania	2,521	931	3,452	15,081	7,630	22,711
Rhode Island	88	27	115	518	180	698
Tennessee	177	204	381	1,176	1,028	2,204
Virginia	89	21	110	571	149	720
Washington	5	0	5	24	0	24
Wisconsin	16	6	22	134	81	215
Puerto Rico	1,104	414	1,518	9,009	3,725	12,734
Virgin Islands	90	29	119	609	280	889
United States	37,358	12,479	49,837	$272,162	$128,603	$400,765

Source: Federal Insurance Administration, Crime Insurance Statistical Report.

5. Factors Affecting Costs

Trends in Costs of Goods, Services and Insurance

The cost of insurance is influenced heavily by the costs of the materials and services for which property and casualty insurers must pay in meeting their obligations to their policyholders. Tabulated below and on the following page are indices showing the trends of costs of auto and property insurance and of typical factors which affect insurance claims. The cost of living index for all items rose 3.2 percent from 1982 to 1983.

Except as otherwise noted, all index figures are annual averages.

Price Indices for Property Insurance and Related Items and Annual Rates of Change, 1974-1983 (Base: 1967 = 100)

Year	Cost of Living (all items) Index	% Change	Home Ownership Index	% Change	House Maintenance and Repairs Index	% Change	House Furnishings Index	% Change
1974	147.7		163.2		171.6		130.8	
1975	161.2	+ 9.1%	181.7	+ 11.3%	187.6	+ 9.3%	144.4	+ 10.4%
1976	170.5	+ 5.8	191.7	+ 5.5	199.6	+ 6.4	150.7	+ 4.4
1977	181.5	+ 6.5	204.9	+ 6.9	214.7	+ 7.6	156.5	+ 3.8
1978	195.4	+ 7.7	227.2	+ 10.9	233.0	+ 8.5	154.3	− 1.4
1979	217.4	+ 11.3	262.4	+ 15.5	256.4	+ 10.0	163.1	+ 5.7
1980	246.8	+ 13.5	314.0	+ 19.7	285.7	+ 11.4	174.2	+ 6.8
1981	272.4	+ 10.4	352.7	+ 12.3	314.4	+ 10.0	185.2	+ 6.3
1982	289.1	+ 6.1	376.8	+ 6.8	334.1	+ 6.3	193.8	+ 4.6
1983	298.4	+ 3.2	375.8*	− 0.3*	346.3	+ 3.7	197.5	+ 1.9
% Change, 1974-1983		+ 102.0		+ 130.3*		+ 101.8		+ 51.0

Year	Private Residential Construction Costs Index	% Change	Private Non-residential Construction Costs Index	% Change	Property Insurance Premiums Index	% Change
1974	158.9		186.8		174.9	
1975	173.6	+ 9.3%	198.0	+ 6.0%	201.4	+ 15.2%
1976	187.1	+ 7.8	198.6	+ 0.3	226.5	+ 12.5
1977	210.1	+ 12.3	211.2	+ 6.3	255.7	+ 12.9
1978	240.9	+ 14.7	237.3	+ 12.4	282.5	+ 10.5
1979	273.0	+ 13.3	275.5	+ 16.1	309.9	+ 9.7
1980	300.0	+ 9.9	310.8	+ 12.8	349.7	+ 12.8
1981	324.2	+ 8.1	324.6	+ 4.4	384.4	+ 9.9
1982	331.5	+ 2.3	327.0	+ 0.7	400.2	+ 4.1
1983	338.6	+ 2.1	330.8	+ 1.2	419.1*	+ 4.7*
% Change, 1974-1983		+ 130.9		+ 77.1		+ 139.6*

*Indexing of Home Ownership and Property Insurance Premiums was discontinued after June 1983. Index figures shown are 6-month averages and the percentages of change are applicable to those semiannual indexes. These comparable new items have been added, each with a base (index value) of 100 as of December 1982 (index numbers in parentheses following the items are annual averages for 1983): Homeowners' Costs (102.5); Renters' Costs (103.0); Household Insurance (103.2).

Sources: Construction cost data, compiled by Insurance Information Institute from data provided by the U.S. Department of Commerce, Bureau of the Census; other data, U.S. Department of Labor, Bureau of Labor Statistics.

Price Indices for Auto Insurance and Related Items and Annual Rates of Change, 1974-1983 (Base: Except as Indicated, 1967 = 100)

Year	Medical Care Items		Hospital Rooms		Physicians' Fees		Auto Repairs and Maintenance*	
	Index	% Change	Index	% Change	Index	% Change	Index	% Change
1974	150.5		201.5		150.9		156.8	
1975	168.6	+ 12.0%	236.1	+ 17.2%	169.4	+ 12.3%	176.6	+ 12.6%
1976	184.7	+ 9.5	268.6	+ 13.8	188.5	+ 11.3	189.7	+ 7.4
1977	202.4	+ 9.6	299.5	+ 11.5	206.0	+ 9.3	203.7	+ 7.4
1978	219.4	+ 8.4	332.4	+ 11.0	223.1	+ 8.3	220.6	+ 8.3
1979	239.7	+ 9.3	370.3	+ 11.4	243.6	+ 9.2	242.6	+ 10.0
1980	265.9	+ 10.9	418.9	+ 13.1	269.3	+ 10.6	268.3	+ 10.6
1981	294.5	+ 10.8	481.1	+ 14.8	299.0	+ 11.0	293.6	+ 9.4
1982	328.7	+ 11.6	556.7	+ 15.7	327.1	+ 9.4	315.8	+ 7.6
1983	357.3	+ 8.7	619.7	+ 11.3	352.3	+ 7.7	330.0	+ 4.5
% Change, 1974-1983		+ 137.4		+ 207.5		+ 133.5		+ 110.5

Year	Auto Crash Parts Prices**		Labor Rates, Auto Repairs*** Average Rate		Auto Insurance	
	Index	% Change		% Change	Index	% Change
1974			$ 9.65		138.1	
1975			10.71	+ 11.0%	145.9	+ 5.6%
1976	100.0		11.45	+ 6.9	187.9	+ 28.8
1977	109.3	+ 9.3%	12.13	+ 5.9	210.5	+ 12.0
1978	120.6	+ 10.3	13.33	+ 9.9	216.6	+ 2.9
1979	133.0	+ 10.3	14.63	+ 9.8	228.7	+ 5.6
1980	148.1	+ 11.4	16.45	+ 12.4	247.4	+ 8.2
1981	168.8	+ 14.0	17.39	+ 5.7	259.0	+ 4.7
1982	188.0	+ 11.4	17.82	+ 2.5	275.7	+ 6.4
1983	193.6	+ 3.0	18.15	+ 1.9	302.7	+ 9.8
1984	194.0	+ 0.2	18.97	+ 4.5		
% Change, 1974-1983		+ 94.0#		+ 96.6##		+ 119.2

* The cost of auto crash replacement is not reflected in this index, which includes prices for water pump replacement, motor tune-up, automatic transmission repair, front end alignment and chassis lubrication. The trend in the cost of parts commonly used to repair auto crash damage is reflected in the index of auto crash parts prices developed by State Farm Mutual Automobile Insurance Company.

** Base: Jan. 1, 1976 = 100. Index figure for each year is as of Jan. 1

*** Not computed as an index. Dollar figure for each year is as of Jan. 1.

\# Percent change 1976-1984.

Percent change 1974-1984.

Sources: Auto Crash Parts Prices, State Farm Mutual Automobile Insurance Company; Labor Rates, Auto Repairs, Allstate Insurance Company; other data, U.S. Department of Labor, Bureau of Labor Statistics.

Cost of Operating an Automobile

The cost per mile of owning and operating an automobile in the United States ranges from 22.7 cents for a subcompact to more than 39 cents for a passenger van, according to a 1984 study by the Federal Highway Administration. The study, based on the cost of owning and operating typical vehicles in suburban Baltimore, Md., assumes that each of five American 1984 models will be driven 120,000 miles over a 12-year period. The FHA noted that the cost figures will vary by area, and that rural costs generally are lower than those in suburban or urban areas.

Auto insurance coverages include $20,000/$40,000 bodily injury liability, $10,000 property damage liability, $2,500 personal injury protection, $20,000/$40,000/$10,000 uninsured motorist, $50 deductible comprehensive for the 12-year period and $100 deductible collision for the first five years. Coverage for the van includes $300,000 single limit liability, $50,000 uninsured motorist and the same personal injury protection, comprehensive and collision coverages.

Cost of Operating Automobiles and Vans, 1984 (Cents Per Mile)

	Vehicle Cost Depreciated	Maintenance Accessories Parts & Tires	Gas & Oil (Exc. Taxes)	Parking & Tolls	Insurance	State & Federal Taxes*	Total Cost Per Mile
Large	9.6¢	6.0¢	7.0¢	0.9¢	4.9¢	2.2¢	30.6¢
Intermediate	8.6	5.2	5.7	0.9	5.6	1.8	27.8
Compact	7.3	4.6	4.6	0.9	4.3	1.6	23.3
Subcompact	5.9	5.1	4.4	0.9	5.0	1.4	22.7
Passenger Van	10.7	6.9	9.1	0.9	8.9	2.7	39.2

*Including gasoline taxes. The gasoline price used, including taxes, was $1.389 per gallon.

Source: Federal Highway Administration, U.S. Department of Transportation.

Insurance in Home Ownership

The cost of insurance represents less than 3 percent of the monthly expenses faced by home purchasers in the United States. A nationwide study by the U.S. League of Savings Associations reflected a drop from 1981 to 1983 in the median monthly housing expense after a sharp increase over the preceding two-year period. The cost of insurance represented 2.8 percent of the total in 1983, up from 2.5 percent in 1981 but lower than the 2.9 percent reported in 1979.

Composition of Median Monthly Housing Expense, 1979-1983

	1983		1981		1979	
Item	Cost	% of Cost	Cost	% of Cost	Cost	% of Cost
Mortgage payment	$524	73.9%	$624	76.5%	$401	72.9%
Real estate taxes	65	9.2	72	8.8	58	10.5
Utilities	100	14.1	100	12.3	75	13.6
Hazard insurance	20	2.8	20	2.5	16	2.9
Total	$709		$816		$550	

Source: U.S. League of Savings Associations.

Personal Injury Lawsuits

The frequency of lawsuits and the average size of court settlements, including jury verdicts, have a significant impact on the cost of liability insurance.

Jury Verdict Research, Inc. (JVR) reported a 5.85 percent increase from 1981 to 1982 in the average size of verdicts awarded in four common injury categories — cervical strain, knee injuries, vertebrae fractures and wrongful deaths of adult males. While the rate of increase in 1982 was small compared to that of 1981 (30.49 percent), JVR said large increases in one year generally are offset by smaller increases, or even decreases, in the following years. From 1974 through 1982, the average yearly increase in award size was 12.79 percent.

For 1982, the latest year for which complete data were available, JVR listed average verdicts of $12,080 in cervical strain cases, $57,240 for knee injuries, $81,246 for vertebrae fractures and $581,877 in wrongful death cases.

JVR also has kept records of million-dollar verdicts since the first one was recorded in 1962. The number of such awards has risen steadily to a record 251 in 1982. JVR said that of more than 1,100 million-dollar verdicts on record, product liability suits accounted for the largest number, 285, followed by medical malpractice actions, 196, automobile collisions, 125, and work accidents, 124. Through 1982, more million-dollar verdicts had been rendered in New York (176) than in any other state.

The JVR data show that the size and number of product liability and medical malpractice cases generally have increased over the years, although there have been upward and downward fluctuations from year to year. From 1973 to 1982, the average annual size of product liability verdicts ranged from a low of $237,462 in 1973 to a high of $1,657,187 in 1978. In 1982, the average product liability verdict was $850,670. During the same period, the average size of medical malpractice verdicts ranged from a low of $166,165 in 1974 to a high of $962,258 in 1982. JVR noted that fewer than half of product liability and medical malpractice cases result in plaintiffs' verdicts when tried by juries. In all types of liability situations, the overall recovery rate for plaintiffs is 57 percent.

An annual compilation by the Pacific Coast regional office of the Insurance Information Institute tracks product liability and medical malpractice verdicts awarded in California Superior Courts. In product liability cases, the average award in 1983 was $939,709, or 77 percent higher than the 1982 average of $531,785. In medical malpractice cases, the average plaintiff award of $649,210 in 1983 was 152 percent higher than the 1982 average of $257,222 and some 64 percent greater than the previous record high of $395,163 in 1981.

A more comprehensive reflection of the tendency of Americans to sue is contained in annual state-by-state compilations by the Administrative Office of the U.S. Courts of product liability lawsuits filed in federal courts. Of 9,221 cases filed in fiscal 1983, about 87 percent involved personal injuries, 5.5 percent were property damage filings and 6.5 percent were contract actions. The number of product liability filings was 3.1 percent higher than that recorded in the preceding fiscal year.

According to a report issued late in 1984, there were 10,745 product liability filings in the federal courts in fiscal 1984, a 16.5 percent increase over the 1983 total of 9,221.

The U. S. District Courts reported a 50 percent increase in medical malpractice personal injury cases filed in fiscal 1983, with 1,496 new filings as compared to 997 commenced in the preceding year.

Product Liability Cases Commenced in Federal District Courts, 1982-1983

State	Fiscal 1983*	Fiscal 1982*	% Change	State	Fiscal 1983*	Fiscal 1982*	% Change
Ala.	115	110	+ 4.5	Nev.	23	34	- 32.4
Alaska	25	21	+ 19.0	N. H.	80	83	- 3.6
Ariz.	57	56	+ 1.8	N. J.	168	210	- 20.0
Ark.	100	117	- 14.5	N. M.	36	27	+ 33.3
Calif.	425	357	+ 19.0	N. Y.	457	474	- 3.6
Colo.	97	101	- 4.0	N. C.	71	63	+ 12.7
Conn.	157	229	- 31.4	N. D.	25	21	+ 19.0
Del.	9	11	- 5.5	Ohio	439	474	- 7.4
D. C.	78	166	- 53.0	Okla.	172	200	- 14.0
Fla.	287	189	+ 51.9	Ore.	56	82	- 31.7
Ga.	224	191	+ 17.3	Pa.	815	654	+ 24.6
Hawaii	76	25	+ 204.0	R. I.	28	53	- 47.2
Idaho	32	35	- 8.6	S. C.	250	225	+ 11.1
Ill.	164	220	- 25.5	S. D.	23	37	- 37.8
Ind.	116	172	- 32.6	Tenn.	169	198	- 14.6
Iowa	75	83	- 9.6	Texas	906	1,039	- 12.8
Kan.	142	161	- 11.8	Utah	35	38	- 7.9
Ky.	112	92	+ 21.7	Vt.	17	17	N.C.
La.	392	349	+ 12.3	Va.	147	217	- 32.3
Maine	96	56	+ 71.4	Wash.	104	135	- 23.0
Md.	255	125	+ 104.0	W. Va.	57	60	- 5.0
Mass.	724	440	+ 64.5	Wis.	89	87	+ 2.3
Mich.	460	465	- 1.1	Wyo.	9	25	- 64.0
Minn.	133	147	- 9.5	P. R.	18	14	+ 28.6
Miss.	379	308	+ 23.1	Guam	0	0	N.C.
Mo.	178	156	+ 14.1	N.M.I.	2	0	
Mont.	46	42	+ 9.5	V. I.	5	16	- 68.8
Neb.	66	37	+ 78.4	Total	9,221	8,944	+ 3.1

*Twelve-month period ended June 30.

Source: Prepared by the Insurance Information Institute based on the 1983 Annual Report of the Administrative Office of the the U.S. Courts.

Health Care Costs

The cost of health care in the United States was equivalent to 10.8 percent of the nation's gross national product in 1983, according to the Department of Health and Human Services (HHS). The national health expenditure of some $355 billion amounted to an outlay of $1,459 for every man, woman and child in the country. The overall cost of health care was 10.3 percent higher than the 1982 total of $321 billion, or $1,361 per person. HHS said the rate of increase was the lowest in a decade, and cited lower inflation as a key reason.

HHS said hospital care accounted for $147 billion, or 41 percent of the nation's total health expenditures, in 1983. A steady increase in hospital room costs has been a major factor in the rising cost of health care.

The average rate for a semiprivate room in the United States was $204 as of January 1984, a 10 percent increase over the January 1983 figure of $185.38, according to a survey by the Health Insurance Association of America. State average rates ranged from $108.03 in Mississippi to $281.84 in the District of Columbia.

Hospital Semiprivate Room Rates*, January 1983-84

State	1984	1983	% Increase	State	1984	1983	% Increase
Ala.	$155.07	$141.48	9.6%	Mont.	$184.78	$169.21	9.2%
Alaska	243.70	218.63	11.5	Neb.	150.68	144.16	4.5
Ariz.	185.47	163.30	13.6	Nev.	236.10	195.14	21.0
Ark.	138.48	128.43	7.8	N.H.	193.36	183.40	5.4
Calif.	273.21	247.65	10.3	N.J.	181.43	165.89	9.4
Colo.	207.57	187.27	10.8	N.M.	189.98	173.00	9.8
Conn.	198.66	183.57	8.2	N.Y.	225.70	204.62	10.3
Del.	216.94	190.12	14.1	N.C.	140.59	127.13	10.6
D.C.	281.84	250.07	12.7	N.D.	158.90	138.79	14.5
Fla.	173.58	155.59	11.6	Ohio	221.73	186.55	18.9
Ga.	161.79	128.27	26.1	Okla.	160.03	147.84	8.2
Hawaii	224.31	205.07	9.4	Ore.	217.11	203.07	6.9
Idaho	180.79	168.78	7.1	Pa.	244.11	214.61	13.7
Ill.	237.11	217.50	9.0	R.I.	198.08	181.90	8.9
Ind.	179.80	162.55	10.6	S.C.	139.04	121.35	14.6
Iowa	170.11	157.12	8.3	S.D.	158.95	148.83	6.8
Kan.	177.62	160.12	10.9	Tenn.	136.11	134.39	1.7
Ky.	166.97	142.38	17.3	Texas	151.73	133.41	13.7
La.	146.36	135.87	7.7	Utah	178.15	161.64	10.2
Maine	203.12	187.75	8.2	Vt.	200.83	189.22	6.1
Md.	179.84	166.30	8.1	Va.	163.44	148.45	10.1
Mass.	208.03	196.84	5.7	Wash.	220.32	194.93	13.0
Mich.	245.17	219.42	11.7	W. Va.	164.43	152.75	7.6
Minn.	179.30	160.89	11.4	Wis.	162.77	155.89	4.4
Miss.	108.36	100.56	7.8	Wyo.	154.67	145.75	6.1
Mo.	180.03	165.39	8.9	P.R.	112.69	98.48	14.4

*Data apply to medical-surgical semiprivate accommodations and excludes pediatric, intensive care, cardiac care, extended care, self-care, psychiatric and tuberculosis beds.

Source Health Insurance Association of America.

6. Losses by Category

A Summary of Losses

Natural and man-made perils, including fires, windstorms, accidents on and off the highways and crime, again in 1983 took a staggering toll of life and property in the United States. Most of those losses have a direct impact on insurance claims and an indirect impact on the cost of insurance.

As usual, the ferocity of nature was no match for that of humans, with only a small fraction of the billions of dollars of property damage and of an estimated 91,000 accidental deaths attributed to the violence of tornadoes, floods and other forms of natural violence.

During 1983:

Motor vehicle accidents claimed some 44,600 lives and caused an estimated 4,665,000 non-fatal injuries. While the fatality toll was the lowest in 20 years, increases in the numbers of accidents and injuries, together with the rising costs of such things as medical services and car repairs pushed the aggregate dollar loss resulting from motor vehicle accidents to a record $62.7 billion.

- Motor vehicle accidents in the United States occurred on the average of 56 every minute.
- Motorists under age 30 comprised 50.8 percent of the drivers involved in accidents, and 50.2 percent of the drivers in fatal accidents, although they made up only 33.6 percent of the nation's motoring population.
- Drinking drivers were said to be involved in about half of all the fatal accidents.

Fires took an estimated 4,600 lives and caused property damage of some $5.85 billion. Both figures were lower than those of 1982.

- About $1.4 billion of fire losses involving structures was attributed to incendiarism or suspicious causes.
- Structural fires averaged about 2,379 a day.
- Residential fires, which occurred at the rate of about one every 49 seconds, accounted for almost 74 percent of all building fires and 57 percent of the dollar losses.

Work-related accidents caused 11,300 deaths and dollar losses put at some $31.2 billion.

Accidents in the home took some 20,000 lives.

Crimes tracked by the Federal Bureau of Investigation declined by about 7 percent, the biggest one-year drop ever. The FBI reported decreases of 8.4 percent in robberies, 9.2 percent in burglaries, 6.0 percent in larcenies and 5.1 percent in motor vehicle thefts. Dollar losses from those four crimes alone were estimated at $9.35 billion.

Catastrophes causing insured property damage of $5 million or more each resulted in a record $2.25 billion in insured losses.

Fire Losses

Fire losses in the United States declined slightly in 1983, to $5.85 billion from the record 1982 total of $5.89 billion. The per capita fire loss dropped by about 1 percent from $25.46 to $25.20. While the trend of fire losses has been generally upward over the years, the ratio of such losses to the aggregate value of property subject to such losses has been declining for many years as a result of countrywide fire prevention efforts.

U.S. Fire Losses* 1875-1983

Year	Property Loss	Loss Per Capita	Year	Property Loss	Loss Per Capita
1875	$ 78,102,000	$1.73	1950	$ 648,909,000	$ 4.27
1880	74,643,000	1.49	1960	1,107,824,000	6.16
1890	108,994,000	1.73	1970	2,328,000,000	11.41
1900	160,930,000	2.12	1978	4,008,000,000	18.05
1910	214,003,000	2.32	1979	4,851,000,000	21.60
1920	447,887,000	4.21	1980	5,579,000,000	24.56
1930	501,981,000	4.08	1981	5,625,000,000	24.53
1940	286,491,000	2.16	1982	5,894,000,000	25.46
			1983	5,854,000,000	25.20

*Including allowances for uninsured and unreported losses.

Source: Insurance Services Office.

Fire Fatalities

Fire deaths in the United States declined by about 10 percent in 1983, to an estimated 4,600 from the 1982 toll of 5,100, according to a National Safety Council estimate. The Council said approximately 3,900, or 85 percent, of the victims perished in residential fires.

Highest death rate by fire is among persons 65 years of age and older. The death rate among children under 5 years of age is the second highest. The fatality rate for the older group declined in 1983 for the seventh consecutive year, according to the National Safety Council. Rates shown below are deaths per 100,000 population in each age group resulting from burns, asphyxiation or being struck by falling objects during fires.

Fire Deaths Per 100,000 Population

Ages	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
0-4	4.8	4.7	5.3	4.9	5.7	5.2	5.1	4.5	4.6	3.9
5-14	1.5	1.5	1.5	1.5	1.6	1.6	1.4	1.2	1.2	1.0
15-24	1.3	1.2	1.4	1.5	1.3	1.4	1.3	1.0	1.1	0.7
25-44	1.8	1.8	1.7	1.9	1.8	1.6	1.6	1.4	1.5	1.3
45-64	3.6	3.7	3.5	3.4	3.2	3.0	2.8	2.6	2.2	2.2
65 and over	8.2	7.4	8.0	7.8	7.0	6.7	6.5	5.8	5.2	4.9

Source: National Safety Council.

Leading Causes of Fires

The careless handling of cigarettes and other smoking materials is responsible for more deaths by fire than any other single cause. A study by the Federal Emergency Management Agency (FEMA) shows that in 1981, the latest year for which such data were available, smoking was the cause of a staggering 35.2 percent of all residential fire deaths in the nation and for 20.9 percent of other fatalities attributed to fire.

Faulty or mishandled heating equipment, including wood-burning stoves and fireplaces, was listed as the leading cause of residential fires and for almost 19 percent of the dollar losses resulting from those fires. Cooking fires caused the most injuries, and incendiary or suspicious fires were blamed for the highest dollar losses.

Non-residential fires in structures, including schools, restaurants, garages and manufacturing plants, claimed only about 10 percent of fire incidents in 1981 but accounted for 45 percent of dollar losses. Arson continued to be the primary cause of non-residential fires and dollar losses, and along with smoking, a major cause of non-residential deaths. FEMA's analysis attributed 29.5 percent of all non-residential fires and 42.3 percent of all dollar losses from non-residential fires to incendiarism or suspected incendiarism.

FEMA's analysis was based on fire data collected from 33 states through the National Fire Incident Reporting System and also from the National Fire Protection Association, the National Center for Health Statistics and other sources.

Causes of Reported Fires

	Residential				Non-Residential			
	Fires %	Deaths %	Injuries %	Dollar Loss %	Fires %	Deaths %	Injuries %	Dollar Loss %
Heating	26.5	14.1	12.8	18.6	6.6	2.7	6.6	6.0
Cooking	18.1	8.0	21.3	6.7	5.9	0.2	11.6	2.3
Incendiary/Suspicious	12.8	13.0	11.4	21.8	29.5	20.7	17.2	42.3
Smoking	8.9	35.2	19.0	10.3	7.0	20.9	6.2	2.5
Electrical Distribution	7.3	7.8	6.7	16.4	10.9	9.5	8 3	12.6
Appliances	6.2	2.7	5.8	5.8	5.6	1.2	5.3	3.8
Children Playing	5.0	5.2	8.7	4.4	4.4	11.1	3.0	1.0
Other Equipment	5.4	4.5	6.0	5.1	11.1	5.7	21.7	11.0
Exposure	2.7	1.4	0.8	4.5	5.4	1.5	1.6	7.5
Natural	1.3	0.5	0.5	1.6	2.8	2.2	3.1	3.7
Open Flame, Torch	4.7	5.0	5.5	3.8	9.1	16.7	11.2	4.9
Other Heat	1.1	2.6	1.4	1.0	1.7	7.7	3.1	2.4

Note: Columns of percentages may not total 100 percent because of the effects of rounding.

Sources: Federal Emergency Management Agency, U.S. Fire Administration, National Fire Data Center.

Arson

Incendiary or suspicious fires take hundreds of lives and cause property damage of well over a billion dollars each year. Continuing progress in an ongoing campaign to reduce the incidence of arson was reflected in a report by the National Fire Protection Association (NFPA) that the number of structural fires of incendiary or suspicious origin declined 5.4 percent from 129,000 in 1982 to 122,000 in 1983 after a 16.5 percent decrease in the preceding year. The resulting property damage dropped about 11.4 percent in 1983 to an estimated $1.42 billion.

The number of civilian deaths attributed to such fires increased by 6.6 percent, however, from 910 in 1982 to 970 in 1983.

Deliberately set or suspicious fires accounted in 1983 for about 14 percent of all structural fires, 19 percent of civilian deaths resulting from structural fires and about 24 percent of the resulting property damage.

NFPA said an estimated 48,000 vehicular fires of incendiary or suspicious origin also were reported in 1983, with property damage estimated at $122 million — down 11.6 percent from the 1982 figure.

A study published in 1982 by the insurance industry-sponsored All-Industry Research Advisory Council indicated that vandalism is the most common motive for arson fires, with fraud, or arson-for-profit, the second most prevalent motive.

The insurance industry for several years has worked closely with federal, state and local authorities in the effort to combat arson. In 1984, the Insurance Committee for Arson Control and the Ford Foundation launched an innovative anti-arson program which will use state-of-the-art microcomputer technology to gather data over a two-year period on potential arson targets in five test cities, Dayton, Ohio; Kansas City, Mo.; Louisville, Ky.; Oakland, Calif., and Providence, R.I. Also in 1984, South Carolina became the 50th state to enact an arson reporting immunity law which grants insurers civil immunity from lawsuits when they share arson-related information with law enforcement officials.

Incendiary and Suspicious Fires in Structures, 1983 Estimates

	Fires		Civilian Deaths		Dollar Loss*	
	Estimate	Change from 1982	Estimate	Change From 1982	Estimate	Change From 1982
Structural Fires of Incendiary Origin	72,500	– 6.5%	565	– 21.5%	$ 946,000,000	– 13.1%
Structural Fires of Suspicious Origin	49,500	– 3.9	405	+ 113.2	475,000,000	– 8.0
Totals	122,000	– 5.4	970	+ 6.6	$1,421,000,000	– 11.4

*Includes direct property losses only; does not include indirect losses such as business interruption or temporary shelter costs. No adjustment was made for inflation in the year-to-year comparison.

Source: National Fire Protection Association.

Structural Fires

Fires in residential structures accounted for 73.9 percent of structural fires in the United States and 81.4 percent of all civilian fire deaths in 1983, according to the National Fire Protection Association (NFPA). Residential fires also accounted for 56.7 percent of the dollar losses from structural fires, estimated by the NPFA at more than $5.8 billion.

Structural Fires by Types of Use, 1983 Estimates*

Property Use		Estimated Number of Fires	Change from 1982	% of Structure Fires	% of Dollar Losses**
Public Assembly		24,500	– 12.5%	2.8%	6.1%
Educational		11,500	– 30.3	1.3	1.8
Institutional		23,000	– 22.0	2.6	.2
Residential		641,500	– 5.2	73.9	56.7
One- and Two-Family Dwellings***	523,500		– 2.7	60.3	47.9
Apartments	102,000		– 12.5	11.7	7.1
Hotels and Motels	9,000		– 14.3	1.0	1.1
Other	7,000		– 39.1	.8	.6
Stores and Offices		50,500	– 9.8	5.8	11.8
Industry, Utility, Defense		36,000	– 14.3	4.1	13.1
Storage in Structures		48,000	– 11.1	5.5	8.1
Special Structures		33,500	– 23.9	3.9	2.2
Totals		868,500	– 8.2		

*Based primarily on data reported to the National Fire Protection Association by fire departments responding to the 1983 National Fire Experience Survey.
**Direct property losses only.
***Includes mobile homes.

Source: National Fire Protection Association estimates.

Civilian Fire Deaths by Property Use, 1983 Estimates

Property Use	Deaths	% Change from 1982	% of All Civilian Fire Deaths
Residential*	4,820	– 2.4%	81.4%
One- and Two-Family Dwellings	3,825	– 3.4	64.6
Apartments	845	– 1.7	14.2
Hotels and Motels	80	+ 6.7	1.4
Other Residential	70	+ 55.6	1.2
Non-Residential Structures	270	+ 3.9	4.6
Highway Vehicles	670	+ 16.5	11.3
Other Vehicles	55	– 54.2	0.9
All Other Categories	105	– 16.0	1.8
Total	5,920	– 1.7	

*Includes mobile homes.

Source: National Fire Protection Association estimates.

Multiple-Death Fires

Underscoring the general improvement in the nation's fire experience in 1983 was a report from the National Fire Protection Association (NFPA) that the number of fires resulting in 10 or more deaths dropped to two from the seven reported in the preceding year. The total number of multiple-death fires — those causing three or more deaths — fell from 265 to 258, and the number of resulting fatalities was down from 1,106 to 983.

The NFPA said the worst loss-of-life fire during 1983 occurred on June 2 aboard an Air Canada DC-9 airplane, en route from Dallas-Fort Worth to Toronto, that was forced to make an emergency landing at the Greater Cincinnati Airport because of a fire apparently located in a rear lavatory. Twenty-three of the 41 passengers were unable to exit and suffered fatal injuries from the fire.

Of the 258 multiple-death fires reported in 1983, the NFPA said 27, or 10.5 percent, were of incendiary or suspicious origin. Those 27 fires accounted for 113 deaths. However, 1983 was the only year in the last 10 years in which there were no incendiary or suspicious fires resulting in 10 or more deaths. The NFPA listed 23 such fires during the 10-year period.

There have been 22 single fires in the United States in which 100 or more persons have perished, including two — in Peshtigo, Wis., in 1871 and New York City in 1904 — which took more than 1,000 lives each. The most tragic multiple-death fire since 1970 occurred on May 28, 1977, when 165 persons died in a supper club fire in Southgate, Ky.

1983 Fires Resulting in 10 or More Deaths

Date	Location	Property Use	Deaths
June 2	Cincinnati, Ohio	Passenger aircraft	23
May 27	Benton, Tenn.	Fireworks factory	11

Source: National Fire Protection Association.

The 10 Worst Multiple-Death Fires in the United States

Date	Place	Deaths
Oct. 8, 1871	Peshtigo, Wis., and environs	1,152
June 15, 1904	New York, N.Y., SS General Slocum	1,030
Dec. 30, 1903	Chicago, Ill., Iroquois Theatre	602
Oct. 12, 1918	Cloquet, Minn., and environs	559
April 18, 1906	San Francisco, Calif., earthquake-fire	500
Nov. 28, 1942	Boston, Mass., Cocoanut Grove Night Club	492
Sept. 1, 1894	Hinckley, Minn., and environs	413
June 30, 1900	Hoboken, N.J., North German Lloyd Steamship pier and ships	326
April 21, 1930	Columbus, Ohio, State Penitentiary	320
Dec. 5, 1876	Brooklyn, N.Y., Conway's Theatre	283

Source: Compiled by the Insurance Information Institute.

Large-Loss Fires

A fire that devastated an oil refinery in Martinez, Calif., in April 1983 caused damage estimated by the National Fire Protection Association (NFPA) at $48,950,000. In terms of property damage, it was the most costly of 34 fires during the year in which property damage reached or exceeded $5 million.

The NFPA said the 34 fires together resulted in losses of almost $410.5 million.

Beginning with the great Chicago fire of 1871, in which more than 17,000 buildings were destroyed, 15 fires in the United States have caused property damage of $50 million or more (see table on the next page). Damage attributed to the oil refinery fire of 1983 fell just short of that mark.

U.S. Fires Causing Property Damage of $5 Million or More, 1983

Date	Place	Property Use	Estimated Loss
Apr. 7	Martinez, Calif.	Oil refinery	$48,950,000
May 26	Prudhoe Bay, Alaska	Crude oil flow station	40,000,000
Jan. 7	Newark, N.J.	Gasoline tank farm	35,000,000
Nov. 30	Georgetown, S.C.	Paper pulp, paper board manufacturer	20,000,000
Dec. 5	Highlands, Tex.	Petrochemical plant	20,000,000
Dec. 27	Buffalo, N.Y.	Multi-use building and exposures	20,000,000
Jan. 27	Grand Forks, N.D.	Military aircraft	15,000,000
Nov. 23	Denver, Colo.	Shopping mall	15,000,000
Dec. 11	Houston, Tex.	Dairy plant	13,080,000
Dec. 26	Griffin, Ga.	Tire tread manufacturer	13,000,000
July 11	Port Arthur, Tex.	Plastic product manufacturer	12,500,000
Sept. 20	Brunswick, Ga.	Shopping mall	11,000,000
Dec. 15	Pasadena, Calif.	Plastic products manufacturer	10,100,000
Apr. 7	Prospect, Conn.	Plastic products manufacturer	10,000,000
July 19	Eau Claire, Wis.	Hardware storage warehouse	10,000,000
Sept. 1	Memphis, Tenn.	Rice processing plant	10,000,000
May 1	Murray, Utah	Medical, dental office building	9,235,000
June 8	Unalaska, Alaska	Seafood cannery	9,000,000
Aug. 31	Chalmette, La.	Oil refinery	7,511,000
Jan. 14	Enid, Okla.	Military aircraft	7,000,000
Feb. 22	Caribou, Me.	Grain mill manufacturer	6,113,000
Apr. 5	Cochranton, Pa.	Train derailment and fire	6,000,000
Sept. 1	Lewisville, Tex.	Apartments under construction	6,000,000
Sept. 9	Middlebury, Conn.	Clock manufacturer	5,500,000
Mar. 21	Dallas, Tex.	Apartment complex	5,370,000
Mar. 21	Burnsville, Miss.	Apartment complex	5,100,000
Feb. 17	Baltimore, Md.	Department store (renovation)	5,005,000
Jan. 20	Williamsburg, Va.	Dormitory	5,000,000
Mar. 12	Stonington, Me.	Boatyard and repair facility	5,000,000
May 18	Trevor, Wis.	Wood, cork manufacturer	5,000,000
Sept. 1	Schertz, Tex.	Import retail outlet	5,000,000
Sept. 4	Los Angeles, Calif.	Church	5,000,000
Oct. 27	Hollywood, Fla.	Hotel	5,000,000
Dec. 4	North Canton, Ohio	Food packaging warehouse	5,000,000

Source: National Fire Protection Association.

The most costly fire in the United States was the San Francisco fire of 1906. The estimated loss from that fire in terms of 1982 dollars amounts to more than $3.5 billion.

The 15 Most Costly Fires in the United States

Date	Place	Property Destroyed	Estimated Loss
April 18, 1906	San Francisco, Calif.	28,000 buildings	$350,000,000
Oct. 8-10, 1871	Chicago, Ill.	17,340 buildings	175,000,000
June 6, 1982	Falls Township, Pa.	Retail distribution center	100,000,000
Nov. 25, 1982	Minneapolis, Minn.	Bank building	91,000,000
Nov. 9, 1872	Boston, Mass.	776 buildings	75,000,000
Sept. 1, 1979	Deer Park, Texas	Tank ship	70,000,000
Nov. 28, 1981	Lynn, Mass.	31 buildings	70,000,000
Apr. 16 1947	Texas City, Texas	Waterfront industrial area	67,000,000
Feb. 27, 1975	New York, N.Y.	Telephone central office	56,500,000
Feb. 7, 1904	Baltimore, Md.	80 city blocks in business section	50,000,000
Aug. 12, 1953	Livonia, Mich.	Auto transmission plant	50,000,000
Dec. 5, 1970	Linden, N.J.	Oil refinery, nearby buildings	50,000,000
Jan. 20, 1980	Borger, Texas	Refinery	50,000,000
Nov. 21, 1980	Las Vegas, Nev.	Hotel	50,000,000
Apr. 21, 1982	Anaheim, Calif.	51 buildings	50,000,000

Source: Compiled by the Insurance Information Institute.

Civil Disorders

Rioting which exploded in Miami, Fla., in May 1980 resulted in the most costly insured losses on record growing out of civil disorders. Of the 10 most costly civil disorders, all but the Miami violence and a disturbance in New York City, which occurred during a widespread power outage, occurred in the 1960s.

The 10 Most Costly U.S. Civil Disorders

Date	Locale	Estimated Insured Loss
May 17-19, 1980	Miami	$65,250,000
Aug. 11-17, 1965	Los Angeles (Watts Section)	44,000,000
July 23, 1967	Detroit	41,500,000
July 13-14, 1977	New York City	28,000,000
April 4-9, 1968	Washington, D.C.	24,000,000
July 12, 1967	Newark	15,000,000
April 6-9, 1968	Baltimore	14,000,000
April 4-11, 1968	Chicago	13,000,000
April 4-11, 1968	New York City	4,200,000
April 4-11, 1968	Pittsburgh	2,000,000

Source: Compiled by the Insurance Information Institute.

The Catastrophe Record, 1983

Paid insurance claims resulting from catastrophes such as severe windstorms and earthquakes reached a single-year high of $2,254,745,000 in 1983. The most costly of the year's 33 catastrophes was a freezing wind and snow storm which spread through 41 states in the last half of December, causing property damage of some $880 million — the most costly single catastrophe on record. Hurricane "Alicia," which battered Texas for four days in August, caused insured losses of more than $675 million.

(In 1984, losses from natural catrastrophes from January through June were estimated at more than $1.3 billion, an all-time high for a first-half period. Losses were due mainly to tornadoes, rainstorms, hail and flooding across the East and the Midwest.)

A catastrophe is defined as any incident or series of related incidents in which losses involving insured property exceed $5 million, exclusive of flood losses covered under the National Flood Insurance Program. Property/casualty insurers have procedures that are put into effect in the wake of a designated catastrophe to facilitate claims payments and to help property owners restore order.

Prior to 1983, the record for catastrophic losses had been the $1,685,070,000 paid out in 1979, when two of recorded history's most devastating hurricanes — "Frederic" and "David" — occurred.

The estimates listed below are based on data reported to the Property Claim Services division of the American Insurance Services Group, Inc. and to Insurance Services Office. They cover insured losses only, not total property damage.

The Catastrophe Record, 1983

Date	Place	Catastrophe	Estimated Loss Payments
Jan. 8-10	Washington	Wind, Flooding	$ 6,500,000
Jan. 20-21	Alabama, Georgia	Wind, Ice, Snow, Freezing, Flooding	5,000,000
Jan. 26-27	California	Wind, Flooding	25,000,000
Jan. 31-Feb. 2	Texas, Louisiana, Alabama, Florida	Wind, Tornadoes, Hail, Flooding	6,500,000
Feb. 10-14	Florida, Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts	Wind, Hail, Tornadoes, Snow, Ice, Freezing	25,000,000
Feb. 28-Mar. 2	California	Wind, Hail, Tornadoes, Flooding	43,000,000
Mar. 24	Florida	Wind, Hail, Tornadoes	15,000,000
Apr. 1-2	Texas, Oklahoma, Louisiana, Arkansas, Mississippi	Wind, Hail, Tornadoes	40,000,000
Apr. 4-11	Louisiana, Mississippi, Alabama, Florida	Wind, Hail, Tornadoes, Flooding	45,000,000
Apr. 22-23	Texas, Louisiana, Alabama, Georgia, Florida	Wind, Hail, Tornadoes	17,745,000
Apr. 27-May 2	Oklahoma, Missouri, Kentucky, Illinois, Iowa, Michigan, Ohio, Indiana, Pennsylvania, New York	Wind, Hail, Tornadoes, Flooding	78,500,000

Date	Place	Catastrophe	Estimated Loss Payments
May 2	California	Earthquake	$ 10,000,000
May 6-8	Kansas, Nebraska, Iowa, Missouri	Wind, Hail, Tornadoes	12,000,000
May 13-16	Texas, Oklahoma, Kansas, Missouri, Arkansas, Georgia	Wind, Hail, Tornadoes	21,500,000
May 18-23	Texas, Louisiana, Mississippi, Alabama, Missouri, Pennsylvania	Wind, Hail, Tornadoes, Flooding	94,500,000
June 3-5	Texas	Wind, Hail, Tornadoes	21,500,000
June 4-6	Colorado, Kansas, Texas	Wind, Hail, Tornadoes	36,000,000
June 27-29	Texas, Oklahoma, Iowa	Wind, Hail, Tornadoes	12,000,000
July 3-4	Minnesota	Wind, Hail, Tornadoes	20,000,000
July 19-23	Minnesota, Wisconsin, Michigan, Indiana, Ohio, Pennsylvania, New York, New Jersey	Wind, Hail, Tornadoes	35,000,000
Aug. 12	Arizona	Wind, Hail	6,000,000
Aug. 11-12	Pennsylvania, New Jersey	Wind, Hail, Tornadoes	7,000,000
Aug. 13-16	Arizona	Wind, Hail, Tornadoes	15,000,000
Aug. 17-20	Texas	Hurricane "Alicia"	675,520,000
Sept. 30-Oct. 3	California, Arizona	Wind, Tornadoes, Flooding	6,000,000
Nov. 16	Hawaii	Earthquake	5,000,000
Nov. 22-23	Oklahoma, Texas	Wind, Hail, Tornadoes	25,000,000
Nov. 24	Washington	Wind	10,000,000
Dec. 2-4	Louisiana, Mississippi, Alabama	Wind, Tornadoes, Flooding	8,000,000
Dec. 3	California	Wind, Flooding	27,500,000
Dec. 5-6	Louisiana, Mississippi, Alabama	Wind, Tornadoes	10,000,000
Dec. 10-12	Texas, Louisiana, Mississippi, Alabama, Florida	Wind, Hail, Tornadoes, Flooding	10,000,000
Dec. 17-30	Alabama, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Missouri, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming	Wind, Snow, Freezing	880,000,000

Source: Property Claim Services division, American Insurance Services Group, Inc.

Earthquakes in the United States

While much of the nation's seismic activity is centered along the Pacific Coast and in Nevada, every state is vulnerable to and has felt the effect of earthquakes. One of the nation's most tragic catastrophes was the San Francisco earthquake-fire of April 18, 1906, which nearly razed the city and took an estimated 500 lives. In the East, the greatest shock was experienced in Charleston, S.C., on Aug. 31, 1886. The Charleston earthquake caused 60 deaths and $23 million in property damage. Although insurance against earthquake damage is generally available, relatively few property owners have taken advantage of the protection it offers.

The National Oceanic and Atmospheric Administration (NOAA) reported three significant earthquakes in the United States during 1983. One of the most costly U.S. earthquakes on record caused an estimated $31 million of property damage at Coalinga, Calif., on May 2.

An earthquake which spanned Challis and Mackay in eastern Idaho in October killed two persons, injured two and caused some $9 million of property damage. An earthquake recorded in Hawaii in November resulted in property damage estimated by NOAA at more than $6 million.

Property damage figures in the table below are given in dollar values for the years in which the earthquakes occurred. NOAA said that in terms of 1981 dollars, the 1964 Alaska earthquake and tsunami would show the largest magnitude of $1.19 billion.

The 10 Most Costly U.S. Earthquakes

Year	Locality	Estimated Property Damage
1971	San Fernando, Calif.	$553,000,000
1964	Alaska and West Coast of United States (tsunami damage from earthquake near Anchorage, Alaska)	500,000,000
1952	Kern County, Calif.	60,000,000
1933	Long Beach, Calif.	40,000,000
1983	Central California (Coalinga)	31,000,000
1979	Imperial County, Calif.	30,000,000
1960	Hawaii and West Coast of United States (tsunami damage from earthquake off the coast of Chile)	25,500,000
1946	Hawaii (tsunami damage from earthquake in Aleutians)	25,000,000
1949	Puget Sound, Wash.	25,000,000
1906	San Francisco, Calif.	24,000,000*

*The San Francisco catastrophe of 1906 also caused fire losses estimated at $350,000,000.

Source: National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Hurricanes Reaching the United States

"Alicia" became the first hurricane to strike the U.S. mainland in three years when it swept into Texas in August 1983, causing insured property damage of more than $675 million and taking 21 lives. Another August hurricane, "Barry," killed one person but left only minimal property damage in Florida and Texas. In the last 25 years, 33 hurricanes have reached the continental United States, causing 871 deaths.

Hurricanes in the United States, 1959-1983

Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*
1959	3	24	**1968**	1	9	**1976**	1	9
1960	2	65	**1969**	2	256	**1977**	1	0
1961	1	46	**1970**	1	11	**1978**	0	35
1962	0	4	**1971**	3	8	**1979**	3	22
1963	1	11	**1972**	1	121	**1980**	1	2
1964	4	49	**1973**	0	5	**1981**	0	0
1965	1	75	**1974**	1	1	**1982**	0	3
1966	2	54	**1975**	1	21	**1983**	2	22
1967	1	18						

*Deaths include fatalities from high winds of less than hurricane force.

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

The 10 Most Costly Insured Hurricanes

Dates	Place	Hurricane	Estimated Insured Loss
1979-Sept. 12-14	Miss., Ala., Fla., La., Tenn., Ky., W. Va., Ohio, Pa., N.Y.	"Frederic"	$752,510,000
1965-Sept. 7-10	Fla., La., Miss.	"Betsy"	715,000,000*
1983-Aug. 17-20	Texas	"Alicia"	675,520,000
1970-Aug. 3	Southeastern Texas	"Celia"	309,950,000*
1969-Aug. 17-18	La., Miss., Ala., Florida Panhandle	"Camille"	225,000,000*
1982-Nov. 23-24	Hawaii	"Iwa"	137,000,000
1954-Aug. 30-31	N.Y., Conn., R.I., Mass., Maine, N.H., N.J.	"Carol"	129,700,000*
1979-Aug. 30, Sept. 4-6	Fla., Ga., S.C., N.C., Va., Md., D.C., Del., Pa., N.J., N.Y., Conn., Mass., P.R., V.I.	"David"	122,070,000
1954-Oct. 15-16	S.C., N.C., Va., W.Va., D.C., Md., Del., N.J., Pa., N.Y.	"Hazel"	122,050,000*
1975-Sept. 16-26	Fla., Ala., Ga., Tenn., W.Va., Va., Md., Del., D.C., Pa., N.J., N.Y., Mass., Conn., R.I., P.R.	"Eloise"	119,188,500

*Fixed property loss.

Source: Compiled by Insurance Information Institute from estimates provided prior to 1984 by the American Insurance Association; in 1984 by the Property Claim Services division of the American Insurance Services Group, Inc.

Tornadoes in the United States

Thirty-four persons were killed and 931 injured as a result of tornadoes which struck the United States during 1983. The National Oceanic and Atmospheric Administration said 931 tornadoes were recorded during the year, leaving property damage estimated to be in excess of $500 million. Only five states — Alaska, Maine, New Hampshire, Rhode Island and Utah — were tornado-free.

During the last five years, 4,454 tornadoes have caused 234 deaths and 7,021 injuries in the United States.

Tornadoes in the United States, 1959-1983

Year	Tornadoes	Deaths	Year	Tornadoes	Deaths	Year	Tornadoes	Deaths
1959	604	58	**1967**	926	114	**1975**	920	60
1960	616	46	**1968**	660	131	**1976**	835	44
1961	697	51	**1969**	608	66	**1977**	852	43
1962	657	28	**1970**	653	72	**1978**	788	53
1963	464	31	**1971**	888	156	**1979**	852	84
1964	704	73	**1972**	741	27	**1980**	866	28
1965	906	296	**1973**	1,102	87	**1981**	783	24
1966	585	98	**1974**	947	361	**1982**	1,046	64
						1983	931	34

Source: National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Five-Year Totals, Tornadoes by State, 1979-1983

State	Tornadoes	Deaths	Injuries	State	Tornadoes	Deaths	Injuries
Alabama	131	5	277	Montana	22	1	1
Alaska	0	0	0	Nebraska	126	5	205
Arizona	13	0	3	Nevada	4	0	0
Arkansas	156	21	355	New Hampshire	2	0	0
California	38	0	39	New Jersey	8	0	0
Colorado	177	0	45	New Mexico	34	0	0
Connecticut	3	3	500	New York	21	3	10
Delaware	3	2	14	North Carolina	64	3	42
District of Columbia	0	0	0	North Dakota	112	0	2
Florida	364	8	309	Ohio	83	6	209
Georgia	101	0	63	Oklahoma	345	17	497
Hawaii	5	0	0	Oregon	3	0	0
Idaho	7	0	0	Pennsylvania	68	1	169
Illinois	108	16	386	Rhode Island	0	0	0
Indiana	69	6	67	South Carolina	47	0	78
Iowa	186	7	168	South Dakota	162	1	10
Kansas	176	5	117	Tennessee	45	2	29
Kentucky	43	3	85	Texas	874	77	2,292
Louisiana	149	7	186	Utah	5	0	0
Maine	1	0	0	Vermont	2	0	0
Maryland	16	0	18	Virginia	33	1	26
Massachusetts	5	2	6	Washington	12	0	0
Michigan	84	7	115	West Virginia	15	1	18
Minnesota	105	2	116	Wisconsin	140	7	143
Mississippi	79	6	144	Wyoming	81	1	47
Missouri	149	8	230	Puerto Rico	2	0	0
				Countrywide Totals	4,454*	234	7,021

*Corrected for boundary-crossing tornadoes.

Source: National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Motor Vehicle Accidents

The nation's determination to improve its traffic safety record continued to pay off in 1983 as the number of motor vehicle deaths declined for the fourth consecutive year and the death rates measured by miles driven and registrations again reached new lows. Despite a fractional increase in the number of accidents, traffic deaths dropped by about 3 percent. The fatality toll of 44,600 was the lowest since 1963.

The economic cost of motor vehicle accidents continued to rise because of steady increases in the costs of caring for the victims, repairing the damage and providing other related services. The $62.7 billion in 1983 was equivalent to a total of about $260 for every person in the United States.

The economic loss includes property damage, medical costs, lost productivity, the costs of emergency services, legal and court costs and public assistance programs, and insurance administration expenses.

Motor Vehicle Accidents, 1983

Accidents*	29,440,000
Deaths**	44,600
Injuries*	4,665,000
Economic Loss***	$62,657,000,000

*Insurance Information Institute estimates.
**National Safety Council.
***Insurance Information Institute estimate based on information from the National Center for Health Statistics, National Health Survey.

Traffic Deaths, 1974-1983

Year	Deaths	Annual % Change	Death Rate per 100 Million Vehicle Miles	Ratio of Deaths to Motor Vehicle Registrations	Death Rate per 10,000 Motor Vehicles
1974	46,402		3.59	1 to 2,907	3.44
1975	45,853	− 1.2	3.45	1 to 3,036	3.33
1976	47,038	+ 2.6	3.33	1 to 3,027	3.28
1977	49,510	+ 5.3	3.35	1 to 3,007	3.33
1978	52,411	+ 5.9	3.39	1 to 2,931	3.41
1979	53,524	+ 2.1	3.50	1 to 2,937	3.35
1980	53,300	− 0.4	3.50	1 to 3,032	3.30
1981	51,500	− 3.4	3.30	1 to 3,190	3.13
1982	46,000	− 10.7	2.89	1 to 3,593	2.78
1983	44,600	− 3.0	2.70	1 to 3,760	2.66

Source: National Safety Council (ratio of deaths to registrations compiled by Insurance Information Institute).

Sex of Drivers

Males comprised about 52 percent — some 79 million — of the nation's estimated 152 million drivers in 1983. While males are involved as drivers in more than twice as many accidents as are females, the National Safety Council attributes the difference at least partly to the amount of driving done by members of each sex and to differences in the times, places and circumstances that the driving is done.

On the basis of the numbers of miles driven, the rate of involvement in all accidents in recent years has ranged from less than 2 percent (in 1983) to 16 percent higher among males than among females. In fatal accidents, however, the involvement rate of male drivers in most years is more than double that of female drivers.

Sex of Drivers Involved in Accidents, 1974-1983

	Drivers in All Accidents				Drivers in Fatal Accidents			
	Male		Female		Male		Female	
Year	Number	Rate*	Number	Rate*	Number	Rate**	Number	Rate**
1974	17,800,000	205	7,300,000	177	48,000	55	9,800	24
1975	19,100,000	212	8,400,000	195	46,500	52	9,600	22
1976	19,600,000	206	8,800,000	191	48,100	51	10,900	24
1977	20,600,000	209	9,300,000	193	51,900	53	11,800	25
1978	21,700,000	209	9,800,000	192	51,500	50	15,500	30
1979	20,600,000	202	9,100,000	180	52,700	52	12,500	25
1980	20,100,000	200	9,700,000	192	56,100	56	12,200	24
1981	20,500,000	200	9,500,000	183	53,200	52	11,800	23
1982	20,600,000	198	9,900,000	186	48,800	47	11,500	22
1983	20,400,000	187	10,300,000	184	46,300	43	11,700	21

*Number of drivers in all accidents per 10,000,000 miles driven.
**Number of drivers in fatal accidents per 1,000,000,000 miles driven.

Source: National Safety Council estimates.

Types and Locations of Auto Accidents

Although some seven out of 10 of the nation's automobile accidents occur in urban locations, nearly two-thirds of the fatal accidents — and the resulting fatalities — occur in rural areas. National Safety Council compilations show that in 1983 rural accidents accounted for nearly 63 percent of all highway fatalities but only 39 percent of non-fatal injuries.

The urban-rural proportions vary considerably for specific types of accidents, however. In 1983, for example, more than 72 percent of all pedestrian fatalities occurred in urban areas, while rural accidents accounted for more than three of every four deaths resulting from non-collision accidents and seven out of 10 deaths resulting from collisions involving two or more motor vehicles. Conversely, the injury rate is greater in urban areas in accidents involving more than one car. (See table, Page 70.)

Motor Vehicle Deaths and Injuries by Type of Accident, 1983

Type of Accident	Deaths			Injuries		
	Total	Urban	Rural	Total	Urban	Rural
Collision with:						
Pedestrian	8,000	8,000	2,200	80,000	70,000	10,000
Other motor vehicle	19,300	5,700	13,600	1,180,000	770,000	410,000
Railrod train	600	300	300	3,000	2,000	1,000
Pedalcycle	1,100	500	600	40,000	25,000	15,000
Animal, animal-drawn vehicle	100	*	100	7,000	3,000	4,000
Fixed object	3,000	1,500	1,500	60,000	30,000	30,000
Noncollision	12,500	2,800	9,700	230,000	70,000	160,000
Totals	44,600	16,600	28,000	1,600,000	970,000	630,000

Source National Safety Council estimates.

Claim Costs, Auto Accidents

The costs of insurance claim settlements and court awards resulting from auto accidents have risen steadily in recent years. From 1974 through 1983, the average paid bodily injury claim rose 130.5 percent from $2,472 to $5,699; the average paid property damage liability claim climbed approximately 156.9 percent from $397 to $1,020.

Countrywide Average Paid Claim Costs* Liability Insurance, Private Passenger Cars

Year	Bodily Injury	Property Damage	Year	Bodily Injury	Property Damage
1974	$2,472	$397	**1979**	$3,559	$ 715
1975	2,646	445	**1980**	4,010	787
1976	2,583	490	**1981**	4,453	889
1977	2,890	544	**1982**	5,041	958
1978	3,123	622	**1983**	5,699	1,020

*For all limits combined, and including all loss adjustment expenses. For bodily injury liability, dollar averages exclude Massachusetts (for all years) and most states which have no-fault automobile insurance laws. For property damage liability, dollar averages exclude Massachusetts, Michigan and South Carolina.

NOTE: An apparent decline in 1976 in the amount of the average paid bodily injury claim is the result of an adjustment resulting from a change in the data base, and does not necessarily reflect an improvement in the claims experience. The revised data base has been applied to all claims figures for 1976 and succeeding years, but not to the figures for earlier years.

Source: Insurance Services Office.

The Drinking Driver

The fight against drunk driving, which is blamed for upwards of 20,000 traffic deaths each year, became truly national in scope in 1984 when President Reagan signed legislation intended to influence all 50 states to establish a legal drinking age of 21. The law calls for the withholding of federal highway funds from states which fail to adopt a minimum drinking age of 21 by Oct. 1, 1986.

The President described the law as "one simple measure that will save thousands of young lives."

A total of 27 states and the District of Columbia must raise their drinking ages for all kinds of alcoholic beverages to 21 or risk losing a portion of their highway construction funds. Eight of those states and the District of Columbia have laws barring the use of liquor by persons under age 21, but permit the consumption of beer or wine at an earlier age (see table, Pages 72 and 73).

Jurisdictions that fail to comply stand to lose more than $800 million in federal highway funds in fiscal 1987 and 1988.

In signing the law, President Reagan cited a need to eliminate "a crazy quilt of state drinking laws" that encourage young people to cross borders into states with lower drinking ages. A groundswell of public support for the legislation was led by grass-root groups such as Mothers Against Drunk Drivers (MADD) and Remove Intoxicated Drivers (RID).

Some 40 states have strengthened their anti-drunk driving laws in recent years. The fight against drunk driving is credited with having played an important part in sharp reductions in traffic fatalities in 1982 and 1983. Studies have indicated that drinking is a factor in at least half of all fatal motor vehicle accidents.

Among the deterrents used by many states are license suspensions for first offender drunk drivers (with tougher penalties for subsequent offenses), roadside sobriety checks and laws or court rulings holding servers of alcoholic beverages liable for actions of intoxicated patrons or guests.

In New Jersey, drinking drivers are faced with the threat of heavy financial penalties as well as the loss of driving privileges. A first offender can expect to pay at least $3,400 and to be subjected to a six-month license suspension. Strict enforcement and an increase in the drinking age contributed to a 12 percent drop in traffic fatalities in New Jersey in 1983.

Other states which have achieved significant reductions in traffic deaths through comprehensive traffic safety programs including crackdowns on drunk drivers are Illinois, Colorado, Maryland, New York, Ohio, Pennsylvania and Rhode Island.

Measures by the States to Curb Drunk Driving*

State	Drinking Age	1st Offense License Suspension	Blood Alcohol Concentration (BAC) defining Driving While Intoxicated	Laws or Court Cases Holding Alcoholic Bev. Servers Liable	
				Statute	Court
Alabama	19	90 days	0.10	yes	
Alaska	21	90 days	0.10	yes	
Arizona	21 (1/85)[1]	30 days	0.10		yes
Arkansas	21	90 days	0.10		
California	21	96 hrs.-6 mos.	0.10	yes	
Colorado	21; 18, 3.2 beer	1 yr. (.15 BAC)	0.15[4]	yes	yes
Connecticut	20	6 mos.	0.10	yes	
Delaware	21	3 mos.	0.10[4]		
District of Columbia	21; 18 beer & wine	6 mos.	0.10[4]		
Florida	19	6 mos.	0.10	yes	
Georgia	19	1 yr.	0.12[4]	yes	
Hawaii	18	90 days	0.10		yes
Idaho	19	180 days	0.10[4]		yes
Illinois	21	1 yr. max.	0.10	yes	
Indiana	21	60 days-1 yr.	0.10		yes
Iowa	19	180 days	0.13[4]	yes	
Kansas	21; 18, 3.2 beer	Limited use, 90 days	0.10		
Kentucky	21[2]	30 days-6 mos.	0.10		yes
Louisiana	18	60 days	0.10		yes
Maine	20	45-90 days	0.10 (.02 under 20)	yes	
Maryland	21	60 days max.	0.13		
Massachusetts	20	30 days-1 yr.	0.10		yes
Michigan	21	6 mos.-1 yr.	0.10	yes	
Minnesota	19	30 days	0.10	yes	
Mississippi	21; 18, 3.2 beer	90 days-1 yr.	0.10		yes
Missouri	21	30 days	0.13[4]		yes
Montana	19	6 mos.	0.10		
Nebraska	21 (1/85)	6 mos.	0.10		
Nevada	21	90 days (rev.)	0.10		
New Hampshire	20	90 days-2 yrs.	0.10		
New Jersey	21	6 mos.	0.10		yes
New Mexico	21	none	0.10 (.05 under 18)	yes	yes
New York	19	6 mos.	0.10	yes	
North Carolina	21; 19, beer & wine	1 yr.	0.10	yes	yes
North Dakota	21	91 days	0.10	yes	
Ohio	21; 19, beer	60 days	0.10	yes	
Oklahoma	21	1 yr.	0.10		
Oregon	21	90 days	0.08	yes	yes
Pennsylvania	21	1 yr.	0.10	yes	
Rhode Island	21	3-6 mos.	0.10	yes	
South Carolina	21; 20, beer & wine (1/85)	6 mos.	0.10		
South Dakota	21; 19, 3.2 beer	30 days	0.10		yes
Tennessee	21[3]	1 yr.	0.10		
Texas	19	90 days-1 yr.	0.10[4]		
Utah	21	90 days	0.08	yes	
Vermont	18	3 mos.-1 yr.	0.10	yes	
Virginia	21; 19, beer	6 mos.	0.15[4]		
Washington	21	90 days	0.10		yes
West Virginia	19	6 mos	0.10		
Wisconsin	19	3 mos.	0.10		yes
Wyoming	19	90 days	0.10	yes	yes

*All data are as of Aug. 1, 1984.

[1]Drinking age of 21 will not apply to persons who were 19 before Jan. 1, 1985; [2]drivers under 18 lose licenses for 6 months or until 18; [3]drinking age remains at 19 for persons who had attained that age before July 1, 1984; [4]per se definition (state has lower "presumed intoxicated" BAC number).

Source: Insurance Information Institute.

Pending Legislation	Special Measures
	Governor's advisory council Toll-free number to report DWI suspects
Drinking age 21; revocation .10 BAC	Administrative license revocation; REDDI[5] line
	Statewide rehabilitation program
	Required high school courses on drinking and driving Mand. educ.; roadblocks; alc. to minors by p ents only Toll-free REDDI[5] hot line
Drinking age 21; BAC .10 Driving while impaired .05-.10 BAC	Toll-free hot line; CB radio watch REDDI[5] hot line 30-day suspension with educ. pgm.; 6 mos. without
Drinking age 21	Mandatory education & community service; "hardship" law
Drinking age 21; .10 BAC DWI per se	
Drinking age 21	Rehab. program with incentives (reduced suspension)
	Admin. rev. at .13, plus 60-day restricted use; REDDI[5] Montanans Against Drunk Drivers organization Trooper incentive program; REDDI[5] program 2 days jail or pub svc; admin rev; 3d DWI 7 yrs felony Law sets drinking age at 21 when Me., Mass. do
	$1,000 surcharge for convicted drivers Administrative license revocation pending hearing "STOP DWI" education program
	REDDI[5] program; education program for 1st offenders Driving while impaired .05-.10 BAC CB reporting system, REDDI[5] program
	Toll-free hot line
	Open container law
	Mandatory education requirement; trooper incentive pgm. Mandatory education program for 1st offense; hot line REDDI[5] program
	Toll-free hot line; CB radio reporting system Administrative license suspension
Drinking age 21 Age 21; BAC .08; no plea barg. at .10	Toll-free REDDI[5] hot line

[5]REDDI is an acronym for Report Every Drunk Driver Immediately.

Accidental Deaths

Accidents in the United States in 1983 took approximately 91,000 lives. The toll was down about 3 percent from the 1982 total.

Deaths were down or unchanged for each class of accident, and reductions ranged from 2 to 5 percent.

Accidental Deaths, 1982-1983

	1983	1982	% Change
All Accidents	91,000	94,000	−3%
Motor Vehicle	44,600	46,000	−3
Home	20,000	21,000	−5
Work	11,300	11,500	−2
Public (non-motor vehicle)	19,500	19,500	NC

NOTE: Death figures shown for the four separate classifications total more than the "All Accidents" figure due to rounding and because some deaths are included in more than one classification.

Source: National Safety Council.

Deaths in Home Accidents

Falls and fires, the first and second leading causes of accidental deaths in the home, accounted for approximately half of such fatalities in 1983, according to National Safety Council estimates. The number of deaths attributed to home accidents has been declining for many years, and the estimated total of 20,000 fatalities recorded in 1983 was the lowest on record.

Numbers and Types of Home Accident Deaths, 1974-1983

Year	Falls	Fires, Burns*	Suffocation: Ingested Object	Suffocation: Other	Poisoning by: Solids, Liquids	Poisoning by: Gases, Vapors	Firearms	Other	Total
1974	9,000	5,100	1,800	900	3,200	900	1,400	3,700	26,000
1975	8,000	5,000	1,800	800	2,700	1,000	1,300	3,400	25,000
1976	7,700	5,200	1,800	700	3,300	1,000	1,200	3,100	24,000
1977	7,400	5,000	1,800	800	2,700	1,000	1,100	3,400	23,200
1978	7,400	5,100	1,800	800	2,400	1,100	1,000	3,200	22,800
1979	7,100	4,900	2,000	500	2,500	900	1,100	3,500	22,500
1980	7,100	4,800	2,000	500	2,500	700	1,100	4,100**	22,800
1981	7,100	4,400	2,000	500	2,300	800	1,100	2,800	21,000
1982	6,800	4,400	2,000	600	2,500	800	1,100	2,800	21,000
1983	6,300	3,900	2,000	600	2,400	800	1,100	2,900	20,000

*Includes deaths resulting from conflagrations, regardless of nature of injury.
**Includes about 1,000 excessive heat deaths due to summer heat wave.

Source: National Safety Council estimates.

Accidents by Age of Drivers

Compilations based on reports from state traffic authorities show that drivers under age 30 are involved in a disproportionately high number of traffic accidents. In 1983, drivers in that age group comprised 33.6 percent of the motoring population of the United States, but comprised 50.8 percent of the drivers involved in all accidents and 50.2 percent of the drivers in fatal accidents. Drivers in the 20-24 age bracket had the highest overall accident rate (37 per 100 drivers), and by far the worst fatal accident rate (72 per 100,000 drivers).

Accidents by Age of Drivers, 1983

Age Group	Number of Drivers	% of Total	Drivers in All Accidents	% of Total	Drivers in Fatal Accidents	% of Total	Driver Involvement Rate All*	Driver Involvement Rate Fatal**
Under 20	14,400,000	9.5%	4,400,000	14.3%	7,800	13.5%	31	54
20-24	18,000,000	11.8	6,700,000	21.8	12,900	22.2	37	72
25-29	18,600,000	12.3	4,500,000	14.7	8,400	14.5	24	45
30-34	17,800,000	11.7	3,600,000	11.7	7,200	12.4	20	40
35-39	14,900,000	9.8	2,400,000	7.8	4,300	7.4	16	29
40-44	12,900,000	8.5	2,200,000	7.2	4,200	7.3	17	33
45-49	11,200,000	7.4	1,600,000	5.2	2,900	5.0	14	26
50-54	11,300,000	7.4	1,200,000	3.9	2,200	3.8	11	19
55-59	10,400,000	6.8	1,300,000	4.2	2,100	3.6	13	20
60-64	8,000,000	5.3	900,000	3.0	1,800	3.1	11	23
65-69	6,700,000	4.4	1,000,000	3.2	1,400	2.4	15	21
70-74	4,700,000	3.1	300,000	1.0	1,100	1.9	6	23
75 and over	3,100,000	2.0	600,000	2.0	1,700	2.9	19	55
Totals	152,000,000	100.0	30,700,000	100.0	58,000	100.0	20	38

*Drivers in all accidents per 100 drivers in each age group.
**Drivers in fatal accidents per 100,000 drivers in each age group.

Source: National Safety Council.

Automobile Repair Costs

The cost of repairing automobiles continues to climb because of steady increases in the costs of parts and labor. A 1984 study by the Alliance of American Insurers showed that the costs of the parts and paint to reconstruct a totally-demolished 1984 American-made compact car would be 3.7 times the vehicle's factory sticker price. The study found that the replacement parts and paint would cost $32,548, not including labor charges, as compared to the car's sticker price of $8,885. The car selected for the study features unibody design, with various popular options. Rising insurance costs reflect the fact that coverages which pay for vehicular damage typically account for about two-thirds of the total cost of an insurance policy on a late-model car, with the other one-third covering personal injury.

A study of labor rates in key areas around the country indicates a range of $16.47 to $32.08 an hour in April 1984 and an average hourly rate of $19.20 — up from $18.97 in January (see table, Page 50). The

table below reflects a 6.8 percent increase in a two-year period in the cost of replacing frequently damaged parts of the same popular model 1982 car.

Cost of Replacing Selected Parts, 1982 and 1984

	1982 Oldsmobile Cutlass Supreme 2-door sedan damaged in:			
	April 1982		April 1984	
	Parts	Labor*	Parts	Labor**
Front Bumper Assembly	$ 936.91	$ 49.62	$ 980.08	$ 53.76
Grille and Headlight Assemblies	449.81	54.93	490.02	59.52
Hood Assembly	399.04	44.30	430.90	48.00
Front Fender Assembly (one side)	347.10	65.56	372.65	71.04
	$2,132.86	$214.41	$2,273.65	$232.32
		$2,347.27		$2,505.97

*$17.72 an hour. **$19.20 an hour.

Sources: Parts costs: Insurance Institute for Highway Safety: Motor Crash Estimating Guides, April 1982 and April 1984; labor costs, Allstate Insurance Company.

Low Speed Crash Tests

Results of a series of 5 mph crash tests of nine 1984 model cars, designed to test the validity of the Department of Transportation's relaxation of automobile bumper standards, were released at a U.S. Senate press conference early in 1984. The tests were conducted by the Insurance Institute for Highway Safety (IIHS).

The National Highway Traffic Safety Administration in 1982 lowered the standard from a 5 mph "no damage" test requirement to a 2.5 mph impact test. The agency said the weaker bumpers would save consumers money because they would be lighter and cheaper, lowering the purchase price of cars and gasoline consumption.

However, Sen. John C. Danforth (R-Mo.), who chairs the Commerce Committee's transportation subcommittee and who invited IIHS to show the test results, said the Institute's work has shown that bumpers on many new cars not only provide inferior protection, but cost as much and can weigh as much as or more than the 5 mph systems they replaced.

An IIHS spokesman said each of the nine cars was subjected to a series of four tests, two of them — 5 mph front and rear flat barrier impacts — virtually identical to the barrier tests required under the old bumper standard. The Institute said five of the cars tested — the Ford Escort L, the Escort GT, the Ford Tempo GL, the Toyota Camry and the Chevrolet Citation II — had 5 mph bumpers and that all five were undamaged in the flat barrier tests.

Additional front-into-angle-barrier and rear-into-pole 5 mph impacts resulted in damage to all of the cars with the lone exception of the Tempo, which withstood the rear-into-pole test.

The IIHS spokesman noted that many of the cars sustained little damage in tests when the 5 mph rule was in effect. He observed that the Pontiac Phoenix, the corporate twin of the Chevrolet Citation, is equipped with a degraded bumper system that actually weighs five pounds more than the Citation's 5 mph system. In the 1984 crash tests, the Phoenix sustained a total of $1,113 in total damages, compared to $298 for the Citation.

Sen. Danforth noted that the Senate Commerce, Science and Transportation Committee has reported favorably legislation containing a provision to restore the 5 mph bumper rule. He said no action on the measure was expected during 1984, however.

1984-Model 5 mph Crash Test Repair Costs*

	Front into Barrier	Rear into Barrier	Front into Angle Barrier	Rear into Pole	Total All Tests
Honda Civic DX 2-Door	$ 37	$112	$302	$606	$1,057
Nissan Sentra XE 2-Door	136	121	526	370	1,153
Isuzu Impulse 2-Door	122	283	884	747	2,036
Ford Escort L 2-Door	0	0	402	158	560
Ford Escort GT 2-Door	0	0	618	769	1,387
Ford Tempo GL 4-Door**	0	0	314	0	314
Toyota Camry 4-Door	0	0	312	288	600
Chevrolet Citation II 4-Door	0	0	111	187	298
Pontiac Phoenix 4-Door	251	236	381	245	1,113

*Repair costs are rounded to the nearest dollar. They incorporate January-February 1984 parts prices and a labor rate of $17 per hour.

**Tempo results were released in September 1983.

Source: Insurance Institute for Highway Safety.

Weight and Repair Costs of 1984 Bumper System

Model	Front Weight	Rear Weight	% of Vehicle Weight	5 mph Flat Barrier Crash Test Repair Costs
Pontiac Phoenix 4-Door	43.1	42.9	3.2	$487
Chevrolet Citation II 4-Door	38.8	42.5	2.9	0
Toyota Camry 4-Door	35.5	37.8	2.8	0
Ford Tempo GL 4-Door	24.9	37.5	2.3	0

Source: Insurance Institute for Highway Safety.

Auto Collision Insurance Claims

Sports and specialty cars and regular two-door models headed the list of 1983-model cars with the worst collision coverage loss experience, according to the Highway Loss Data Institute. Regular four-door models and station wagons topped the list of cars with the best collision loss experience.

HLDI said two-door models consistently had higher collision losses than comparably-sized four-door models and station wagons.

The study results are based on data provided by 11 auto insurers, and reported separately for high-volume and low-volume cars.

Among the high-volume vehicles, the four-door Mercury Grand Marquis had the best collision coverage loss experience and the Chevrolet Camaro the worst. Among the low-volume cars, the American Eagle 30 station wagon had the best results and the Datsun 280ZX the worst.

HLDI noted that the two-door models of the Honda Civic and the Honda Accord for 1983 were among the cars with the worst collision coverage loss experience, in contrast with prior model years in which those cars consistently had better than average results. "It is presumed," the agency commented, "that the 2.5 mph bumpers on the 1983 Honda models instead of the 5 mph bumpers used on prior model years was the major factor contributing to the sharp increase in collision losses for the 1983 cars."

The table on the next page lists the cars in the high-volume and low-volume groupings with the best and worst collision loss experience based on average loss payments per insured vehicle year. Eleven of the 12 cars on the "worst" list and only one on the "best" list were imported models. All 12 cars on the "worst" list were classified in 1983 as small subcompacts or subcompacts, while all but two of the vehicles on the "best" list were small compacts or larger.

The chart on the next page compares the collision loss experience of the 1983 models by car size and body style group.

The table below compares the collision loss experience of 1983 model passenger cars during their first year of availability, 1982 models during their first two years and 1981 models during their first three years.

Insurance Losses, Collision Coverages, in Years Since Introduction, 1981, 1982 and 1983 Models, Passenger Cars

Model Year	Years Since Introduction	Claim Frequency Per 100 Insured Vehicle Years	Average Loss Payment Per Claim	Average Loss Payment Per Insured Vehicle Year
1983	1st	8.9	$1,460	$129
1982	2nd	9.2	1,421	131
1981	3rd	8.7	1,350	117

Source: Highway Loss Data Institute.

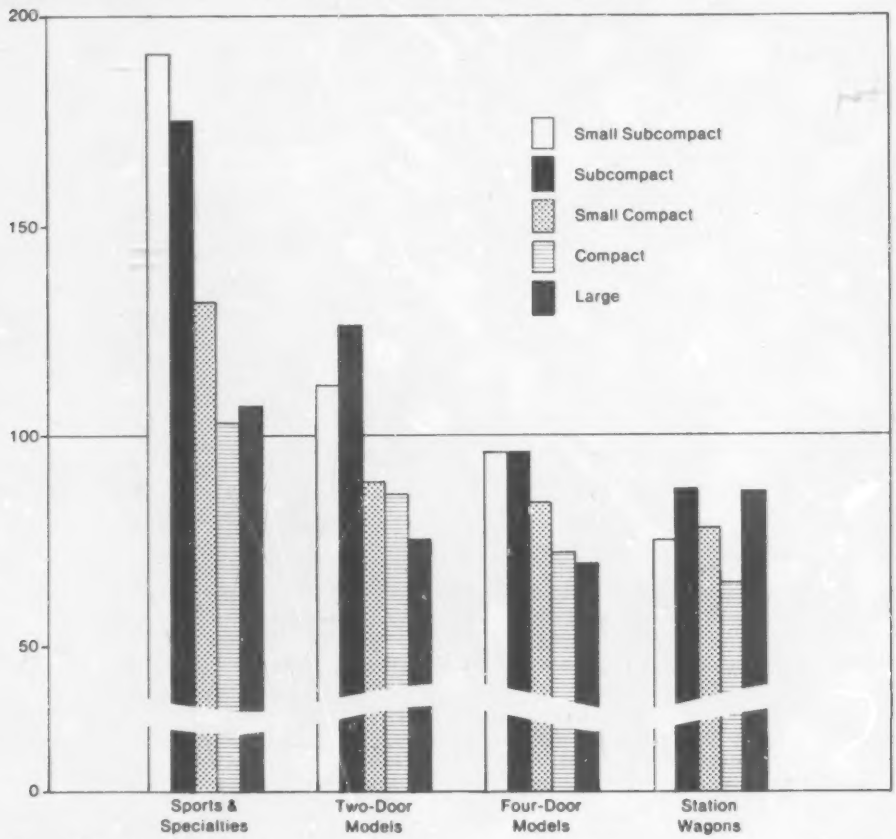
Relative Average Loss Payments Per Insured Vehicle Year for 1983 Model Year Cars with the Best and Worst Collision Coverage Loss Experience*

	Best			Worst		
HIGH VOLUME (At least 1% of total exposure)	Mercury Grand Marquis	4-Door	61	Chevrolet Camaro	Sports	174
	Buick LeSabre	4-Door	63	Toyota Celica	2-Door	132
	Oldsmobile Ciera	4-Door	68	Toyota Corolla	2-Door	129
	Ford Escort	Sta. Wgn.	70	Nissan Sentra	2-Door	119
	Chevrolet Caprice	4-Door	70	Honda Accord	2-Door	117
				Honda Civic	2-Door	117
LOW VOLUME (Less than 1% of total exposure)	American Eagle 30	Sta. Wgn.	55	Datsun 280ZX	Sports	226
	Chrysler New Yorker	4-Door	57	Porsche 944 Coupe	Sports	220
	Toyota Tercel 4WD	Sta. Wgn.	57	BMW 320i	Sports	217
	Buick Electra	4-Door	61	Datsun 280ZX 2+2	Sports	216
	Ford Crown Victoria (Ford LTD)	4-Door	64	Mazda RX-7	Sports	183
	Buick Regal	4-Door	64	Dodge Challenger	2-Door	183

*100 represents $129, the average loss per insured vehicle for all 1983 models.

Source: Highway Loss Data Institute.

Collision Coverages
Relative Average Loss Payments Per Insured Vehicle Year By Car Size and Body Style Group, 1983 Models



Source: Highway Loss Data Institute.

Automobile Personal Injury Insurance Claims, Passenger Cars

Among 1980-82 model passenger cars, large station wagons and regular four-door models have had the best overall record of personal injury claims in auto crashes, according to a 1983 study by the Highway Loss Data Institute (HLDI). As in past years, the study showed that the cars with the worst injury loss experience were predominantly small two-door models, most of them foreign-made.

The survey of medical claim frequencies for injuries to occupants of the late-model cars was based on "no-fault" personal injury protection experience in 19 states. Claim frequencies were calculated for all medical claims and also for injury claims exceeding $250, $500 and $1,000, using data provided by 10 auto insurers.

The car with the best experience was the Oldsmobile Custom Cruiser station wagon, with an overall claim frequency rate 44 percent below the average for all cars. The Custom Cruiser, classified as a large model, also had the lowest frequency of claims exceeding $250.

Twelve cars were found to have at least one claim frequency result that was more than 30 percent better than the result for all cars combined, as shown in the table at the top of the next page. Of the 12 models with the best injury experience, 11 were manufactured in the United States, eight of them by General Motors.

The Oldsmobile Cutlass station wagon had the lowest relative frequency of claims greater than $500 and the four-door Oldsmobile Delta 88 had the lowest frequency of claims exceeding $1,000.

As shown in the second table on the next page, 17 models had at least one claim frequency more than 30 percent worse than the all-car result for any of the claim size categories. All of the cars on the "worst" list were either small subcompacts or subcompacts, most of them two-door models. Fifteen of the 17 were imported models, all from Japan.

The two-door Datsun 210, a small subcompact, had the poorest experience with a relative claim frequency 51 percent higher than the average. The Datsun 210 also had the highest frequency of claims exceeding $250, $500 and $1,000.

HLDI noted that claims exceeding $250 represented less than half of all claims but 95 percent of the total dollars in claim payments. Claims in excess of $1,000 accounted for more than 80 percent of the total dollars.

In the exhibits on the next page, tabulations of car models with the best and worst injury loss experience are presented in relative terms, with 100 representing the average claim frequency for all passenger cars.

1980-1982 Passenger Cars With the Best Loss Experience, Relative Injury Claim Frequencies, Personal Injury Protection Coverages

Make & Series	Body Style	Car Size*	All	Relative Claim Frequencies By Size of Claim** Over $250	Over $500	Over $1,000
Oldsmobile Custom Cruiser	Sta. Wgn.	L	56	52		
Oldsmobile Ninety-Eight	4-Door	L	61	73	72	71
Oldsmobile Toronado	Spec.	L	62	69	70	
Buick LeSabre	4-Door	L	63	62	68	68
Ford LTD	Sta. Wgn.	L	63	71		
Cadillac DeVille	Spec.	L	63	71	78	88
Oldsmobile Delta 88	4-Door	L	64	64	64	61
Oldsmobile Cutlass	Sta. Wgn.	C	66	59	58	
Volvo 245#	Sta. Wgn.		66			
Mercury Marquis	4-Door	L	68	68	70	
American Eagle	Sta. Wgn.	C	73	72	69	
Oldsmobile Cutlass	4-Door	C	75	69	68	67

*C (Compact): Wheelbase up to 107-111 inches; L (Large): Wheelbase greater than 111 inches.
**Numbers reflect the frequency of claims for each model relative to the value 100 which represents the average for all models.
1981 and 1982 models only.

Source: Highway Loss Data Institute.

1980-1982 Passenger Cars With the Worst Loss Experience, Relative Injury Claim Frequencies, Personal Injury Protection Coverages

Make & Series	Body Style	Car Size*	All	Relative Claim Frequencies By Size of Claim** Over $250	Over $500	Over $1,000
Datsun 210#	2-Door	SS	151	169	174	176
Dodge Challenger	2-Door	S	149			
Toyota Corolla#	2-Door	SS	141	148	144	139
Pontiac T-1000#	2-Door	SS	141			
Plymouth Sapporo	2-Door	S	140			
Toyota Corolla Tercel	2-Door	S	139	134	131	131
Datsun 310#	4-Door	SS	137			
Subaru DL#	2-Door	S	137			
Datsun 210#	4-Door	SS	136			
Datsun 210 SX	2-Door	SS	135	134	140	143
Datsun 310#	2-Door	SS	135	130	130	
Plymouth Champ	2-Door	SS	132	146	142	141
Dodge Omni	2-Door	S	130	131	134	137
Toyota Celica	2-Door	S	129	132	137	135
Toyota Starlet#	2-Door	SS	128	135		
Toyota Corolla#	4-Door	SS	128	134	140	
Honda Prelude	Sports	SS	125	128	134	138

*SS (Small Subcompact): Wheelbase up to 96 inches; S (Subcompact): Wheelbase 97-101 inches.
**Numbers reflect the frequency of claims for each model relative to the value 100 which represents the average for all models.
1981 and 1982 models only.

Source: Highway Loss Data Institute.

Insured Automobile Theft Losses

Luxury cars and sports cars continue to be favorite targets of automobile thieves, according to the Highway Loss Data Institute (HLDI). In a report issued in May, 1984, HLDI said sports and specialty cars accounted for only 18 percent of the total exposure for 1983 models but 52 percent of the dollars paid in theft claims.

Among the 1983 models, station wagons had the best theft claim record. They represented 11 percent of the exposure but only 4 percent of the theft losses.

The HLDI study summarized variations in both the frequency and the size of theft claims for 1983 model cars during their first year of availability, 1982 models during their first two years and 1981 models during their first three years. The study took into account any theft losses paid under the comprehensive portion of automobile insurance policies, including in some cases items stolen from cars.

HLDI said European imports generally were shown to have the worst theft claim frequency records, although with many models the relatively low average claim payment indicated that a substantial porportion of the claims involved stolen parts rather than total vehicle thefts. The study report noted that a "snap-out" radio installed in most 1982 and 1983 Volkswagen models were considered to be the principal cause of extremely high theft rates for those models. The theft claim frequency for the 1982 Volkswagen Rabbit Convertible was shown to be more than 17 times the average for all 1982 models and more than 400 times worse than that for cars with the best experience.

Among the individual makes and models summarized in the report, the Chevrolet Corvette had the highest average loss payment per insured vehicle year for model years 1981 and 1982 and the Cadillac Eldorado the highest for 1983 models.

HLDI listed 11 car models with theft claim frequencies which in any of the three years was at least four times lower than the average for all passenger cars. Of the 11, all are in the three smallest size classes (small subcompact, subcompact or small compact) and all but one are domestic models. The Ford Escort station wagon, a small subcompact, had the lowest claim frequency among the 1981 and 1983 models and tied with the 4-door Chevrolet Citation, a subcompact, for the best claim frequency record among the 1982 models.

Cars with the lowest average loss payments per insured vehicle year were the 1981 4-door T-Car/1-Mark Isuzu, the 1982 4-door Dodge Aries and the 1983 Ford Escort station wagon and the 1983 4-door Plymouth Horizon.

HLDI said theft claim frequencies were 11 percent lower for 1983 model cars than for 1982 models despite an increase in the total ex-

posure of cars with generally higher claim frequencies. However, the average loss payment for theft claim was 16 percent higher for 1983 models than for 1982 models.

The table that follows reflects, for 1983 and 1982 models, the findings by car size relative to the results for all vehicles combined, with 100 representing the average for all passenger cars of each model year. Thus, a designation of 64 for a 1983 small subcompact means a result which is 36 percent better than that of all 1983 passenger cars combined.

Loss Experience Summary by Vehicle Size and Model Year, Theft Losses, Passenger Cars

Car Size Group	Relative Claim Frequency 1983 Models	Relative Claim Frequency 1982 Models	Relative Average Loss Payment per Claim 1983 Models	Relative Average Loss Payment per Claim 1982 Models	Relative Average Loss Payment per Insured Vehicle Year 1983 Models	Relative Average Loss Payment per Insured Vehicle Year 1982 Models
Two-Door Models						
Small Subcompact	64	67	53	67	34	45
Subcompact	94	88	73	71	69	63
Small Compact	54	48	56	64	30	31
Compact	131	122	144	140	187	171
Large	120	152	107	75	129	114
Four-Door Models						
Small Subcompact	54	75	48	55	26	42
Subcompact	74	70	53	56	40	39
Small Compact	62	53	55	77	34	41
Compact	98	86	80	99	78	85
Large	111	140	90	68	99	95
Station Wagons						
Small Subcompact	26	29	34	66	9	19
Subcompact	**	30	**	56	**	17
Small Compact	50	51	32	41	16	21
Compact	55	49	49	68	27	33
Large	72	110	114	59	82	65
Sport & Specialty						
Small Subcompact	199	148	167	134	332	198
Subcompact	254	234	116	166	293	387
Small Compact	186	198	99	128	184	253
Compact	122	194	150	97	182	188
Large	227	222	163	165	370	366
Actual Value of 100 Base	13.2*	14.9*	$1,858	$1,598	$24.50	$23.80

*Frequencies of claims per 1,000 insured vehicle years.
**Subgroup had insufficient exposure for reporting.

Source: Highway Loss Data Institute.

Accidents at Work

The accident record of the nation's work places continued to improve in 1983 as the number of job-related fatalities declined by almost 2 percent and the number of injuries held steady despite an increase in the employed labor force.

Data compiled by the National Safety Council reflect a 3.4 percent decrease in the number of fatalities per 100,000 workers and a 1.3 percent drop in the injury rate. Both the fatality rate and the injury rate have been declining for several years.

However, the dollar cost of work accidents increased by about 6 percent in 1983 to a record $31.2 billion after an encouraging drop in the economic loss figure in the preceding year. While the dollar loss figure of 1983 was more than seven times that of 1960 and almost four times that of 1970, the general upward trend should be interpreted in terms of a growing work force (a decline in 1982 was the first since 1975) and a steady diminution in the value of the dollar. Applying these factors in terms of a constant 1967 dollar, the cost of occupational accidents averaged $103.69 per worker in 1983 as compared to $75.36 in 1960 and $87.42 in 1970.

The cost of work accidents includes wages lost and medical expenses, as well as indirect loss resulting from damage to equipment and materials, production delays, time lost by workers not involved in the accident, and the administrative costs of insurance.

Work Fatalities and Injuries, 1960-1983

Year	Employed Labor Force (Millions)	Fatalities	Fatalities Per 100,000 Workers	Injuries	Injuries Per 100,000 Workers
1960	65.8	13,800	21.0	1,950,000	2,964
1970	78.7	13,800	17.5	2,200,000	2,795
1975	85.8	13,000	15.2	2,200,000	2,564
1979	98.8	13,000	13.2	2,300,000	2,328
1980	99.3	13,200	13.3	2,200,000	2,216
1981	100.4	12,400	12.4	2,100,000	2,092
1982	99.5	11,500	11.6	1,900,000	1,910
1983	100.8	11,300	11.2	1,900,000	1,885

Sources: Bureau of Labor Statistics; National Safety Council.

Economic Losses* From Work Accidents, 1960-1983

Year	Economic Loss	Cost Per Worker 1967 Dollars	Year	Economic Loss	Cost Per Worker 1967 Dollars
1960	$ 4,400,000,000	$ 75.36	1980	$28,000,000,000	$114.48
1970	8,000,000,000	87.42	1981	30,200,000,000	110.40
1975	14,000,000,000	101.30	1982	29,400,000,000	102.21
1979	25,200,000,000	117.58	1983	31,200,000,000	103.69

*Figures do not include direct losses in business fires.

Sources: National Safety Council; Bureau of Labor Statistics Consumer Prices

Occupational Disease

An emerging problem shared by insurance companies and segments of the nation's work force is that of compensation for victims of occupational diseases. The fundamental insurance coverage which applies is workers' compensation, which provides medical and lost-income benefits to workers who are injured on the job or who become ill because of employment-related conditions. Many workers also are covered for medical expenses under group and individual health insurance policies.

In addition, there are government programs involved in the compensation area, notably the black lung program for the coal mining industry which was initiated by the federal government in the 1970s and budgeted at $1.7 billion in 1982, the most recent year for which data were available. This figure compares with $10.2 billion in losses incurred for 1982 in the total workers' compensation system (including black lung).

The basic problem posed by occupational disease is in the area of long-latency. In the case of workers who contract debilitating diseases as a result of exposure to asbestos fibers, for example, there can be a gap of as much as 40 years between the time of exposure and the emergence of the disease. While the disease sometimes is discovered in less than a year, the average latency period for asbestos-related diseases is about nine years.

This often-long lag time between the exposure and the manifestation of illness leads to difficulties in determining at what point in the victim's work history the illness was contracted and who is responsible for the payment of monetary damages.

In recent years, many workers, notably those who have been exposed to asbestos, have turned to the tort system and sued manufacturers of the product for medical expenses and lost income.

Compounding the problem is the fact that asbestos claims appear in some 50 occupational classifications, headed by plumbing (including steam pipe and boiler insulation), which accounts for about 29 percent of all workers' compensation asbestos claims. An additional 30 percent of such claims are produced by the four classifications of carpentry (including insulation work), 13 percent; asbestos goods manufacturing, 7 percent; clerical, 7 percent, and sheet metal work, 3 percent.

Asbestos claims account for about 7 percent of all occupational disease claims and 11 percent of the benefit dollars. A study of about 300,000 lost-time workers' compensation claims filed from April 1, 1979, through December 31, 1982, shows that asbestos claimants received lost-time benefits averaging $16,900 with a single claim high of $225,000. Medical benefits averaged $2,700, with a high of $55,000.

A further problem is that of causality. Diseases associated with hazardous substances usually are not uniquely related to a single cause. Cancer, as an example, may be caused by many factors, not just by substances found in the work place.

The insurance industry, together with others concerned with the problem, has been active in seeking solutions satisfactory to both employers and employees.

Occupational disease claims can arise from virtually any occupation. There are about 600 occupational classifications used in writing workers' compensation insurance policies. Each classification is for a specific type of business and has its own premium rate. In no classification other than coal mining do occupational disease claims account for more than 4 percent of all workers' compensation claims.

While occupational disease cases represent only about 1 percent of all workers' compensation claims, they are more than twice as costly on the average than the traumatic personal injury claims, such as a broken leg, toward which the workers' compensation system is primarily oriented.

The table below shows the various kinds of occupational diseases compensated under state workers' compensation programs, their relative frequencies and average benefit costs per case.

Occupational Disease Experience*

Disease	% of All Occupational Disease (O.D.) Claims	Average Indemnity Benefits Per Case	Average Medical Benefits Per Case	Average Total Benefits Per Case
Dust Disease	8%	$19,800	$1,700	$21,500
Asbestos-Related Disease	7	16,900	2,700	19,600
Byssinosis	1	16,100	2,700	18,800
Silicosis	5	41,600	3,300	44,900
Other Respiratory Disorders	46	7,500	1,400	8,900
Poisoning-Chemical	6	6,300	1,600	7,900
Poisoning-Metal	2	2,000	1,200	3,200
Cancer	2	15,000	1,900	16,900
Other**	23	7,900	1,300	9,200
All O.D. Claims	100%	$10,800	$1,700	$12,500

*Based on a study of approximately 300,000 lost-time workers' compensation claims filed from April 1, 1979, through Dec. 31, 1982. By comparison, in traumatic injury cases, the average indemnity cost per case was $3,600; the average medical cost per case was $1,600 and the average total cost per case was $5,200.

**Does not include black lung disease.

Source: National Council on Compensation Insurance.

Crimes Against Property

The dollar cost of crime continues to run into the billions, although data of the Federal Bureau of Investigation reflected a record single-year decrease of 7 percent in the overall crime index in 1983.

The FBI said the number of crimes against property, of which business and industry are major victims, decreased about 7 percent in 1983. Dollar losses from the crimes of robbery, burglary, larceny and motor vehicle theft dropped about 3 percent to $9.35 billion.

But the overall cost of crime is much higher when other kinds of offenses, including such costly crimes as embezzlement, arson and vandalism, are taken into account.

The FBI said it received complete reports on 84,700 arson offenses in 1983, down from the 1982 total of 86,681, with estimated dollar losses dropping from $843 million to $795 million. (The National Fire Protection Association put the cost of incendiary and suspicious fires in 1983 at some $1.42 billion, a drop of 11.4 percent from the 1982 estimate.)

The severity of crime's impact on the property/casualty insurance industry is reflected in a 1984 report of the All-Industry Research Advisory Council (AIRAC) showing that increases in crime-related insurance losses have been considerably greater than increases in overall incurred losses. AIRAC reported that from 1979 to 1981, overall property and casualty losses increased by 22 percent while crime-related losses jumped by 43 percent, with the homeowners multiple-peril line the hardest hit of all lines.

Major crimes against property reported by the FBI in 1983:

ROBBERY: 500,220 offenses; property loss $345 million.

BURGLARY: 3,120,800 offenses; property loss $2.7 billion.

LARCENY-THEFT: 6,707,000 offenses; property loss $2.3 billion.

MOTOR VEHICLE THEFT: 1,004,400 offenses; property loss $4 billion.

Crimes Against Property, 1974-1983*

Year	Robbery	Burglary	Larceny-Theft
1974	442,400	3,039,200	5,262,500
1975	464,970	3,252,100	5,977,700
1976	422,450	3,099,800	6,264,800
1977	407,440	3,062,700	5,900,500
1978	421,580	3,119,300	5,985,900
1979	474,680	3,318,200	6,595,300
1980	558,750	3,784,300	7,130,800
1981	585,480	3,768,800	7,188,300
1982	546,200	3,437,200	7,136,400
1983	500,220	3,120,800	6,707,000

*For additional data on automobile thefts, see Page 88.

Source: Federal Bureau of Investigation.

Motor Vehicle Thefts

Motor vehicle thefts in the United States decreased about 5.1 percent from 1982 to 1983. Decreases were recorded in 42 states and the District of Columbia. Countrywide, the ratio of vehicles stolen to vehicles registered improved from one of every 156 vehicles in 1982 to one of every 167 vehicles in 1983.

Motor Vehicle Registrations and Thefts, 1974-1983

Year	Motor Vehicle Registrations*	Thefts*	Ratio of Vehicles Stolen/Regist.	Thefts per 100,000 Registrations
1974	134,904,676	977,100	1 in 138	724
1975	139,221,000	1,000,500	1 in 139	719
1976	142,397,000	962,600	1 in 148	676
1977	148,880,000	974,200	1 in 153	654
1978	153,637,000	1,000,600	1 in 154	651
1979	157,226,178	1,108,800	1 in 142	705
1980	161,614,294	1,127,700	1 in 143	698
1981	164,287,643	1,086,800	1 in 151	662
1982	165,298,024	1,058,600	1 in 156	640
1983	167,718,000**	1,004,400	1 in 167	599

*Includes motorcycles.
**Preliminary estimate.

Sources: Federal Bureau of Investigation; Federal Highway Administration.

Motor Vehicle Thefts by States, 1982-1983

State	1983	1982	% Change	State	1983	1982	% Change
Alabama	9,126	10,777	−15.3%	Montana	1,870	2,070	− 9.7%
Alaska	3,084	2,603	+18.5	Nebraska	2,578	2,821	− 8.6
Arizona	10,579	10,577	+ 0.0	Nevada	4,200	4,977	−15.6
Arkansas	4,043	4,262	− 5.1	New Hampshire	1,746	2,127	−17.9
California	158,904	164,530	− 3.4	New Jersey	45,127	46,620	− 3.2
Colorado	11,698	12,097	− 3.3	New Mexico	4,285	4,279	+ 0.1
Connecticut	15,028	17,411	−13.7	New York	127,861	137,880	− 7.3
Delaware	2,056	2,478	−17.0	North Carolina	10,124	11,105	− 8.8
District of Columbia	3,977	4,113	− 3.3	North Dakota	878	940	− 6.6
Florida	43,236	44,772	− 3.4	Ohio	37,027	41,190	−10.1
Georgia	16,050	17,579	− 8.7	Oklahoma	14,732	15,532	− 5.2
Hawaii	4,297	4,181	+ 2.8	Oregon	8,060	7,973	+ 1.1
Idaho	1,687	1,688	− 0.1	Pennsylvania	37,488	39,413	− 4.9
Illinois	61,790	64,823	− 4.7	Rhode Island	6,225	7,048	−11.7
Indiana	17,649	17,871	− 1.2	South Carolina	7,826	8,896	−12.0
Iowa	4,586	5,045	− 9.1	South Dakota	720	818	−12.0
Kansas	4,875	5,358	− 9.0	Tennessee	14,827	15,442	− 4.0
Kentucky	7,994	8,548	− 6.5	Texas	82,532	87,105	− 5.2
Louisiana	13,785	14,637	− 5.8	Utah	3,816	3,908	− 2.4
Maine	1,920	2,159	−11.1	Vermont	981	1,315	−25.4
Maryland	15,688	16,724	− 6.2	Virginia	9,863	10,108	− 2.4
Massachusetts	49,533	55,995	−11.5	Washington	10,878	11,919	− 8.7
Michigan	66,894	63,009	+ 6.2	West Virginia	3,569	3,567	+ 0.1
Minnesota	8,663	9,818	−11.8	Wisconsin	9,704	8,706	+11.5
Mississippi	3,677	3,918	− 6.2	Wyoming	854	1,254	−31.9
Missouri	15,782	16,624	− 5.1				

Source: Federal Bureau of Investigation.

Arrests by Age Group

Data compiled by the Federal Bureau of Investigation show that persons from 15 through 24 years of age are involved in a disproportionately high number of arrests for crimes and offenses which often have a direct impact on losses paid by property and casualty insurers.

A majority of all arrests in 1983 for the crimes of burglary, robbery, motor vehicle theft and drug abuse were of persons in that age bracket, who together made up only 17.5 percent of the total population.

More than one of every four arrests for driving while under the influence of intoxicants or drugs involved a person in the 20-24 age group.

Arrests, Distribution by Age, 1983

		Burglary		Robbery		Larceny-Theft	
Age Group	% of Population	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total
Under 15	22.0%	59,400	14.3%	9,203	6.9%	168,095	14.4%
15-19	8.2	163,249	39.3	46,044	34.4	338,129	28.9
20-24	9.3	90,587	21.8	35,914	26.8	219,233	18.8
25-29	9.0	49,858	12.0	21,252	15.9	151,319	13.0
30-34	8.1	26,536	6.4	11,676	8.7	103,166	8.8
35-39	6.9	12,436	3.0	5,131	3.8	60,627	5.2
40-44	5.6	6,155	1.5	2,240	1.7	38,753	3.3
45-49	4.8	3,111	0.7	1,187	0.9	25,935	2.2
50-54	4.8	2,057	0.5	636	0.5	20,949	1.8
55-59	4.9	1,121	0.3	367	0.3	16,121	1.4
60-64	4.6	594	0.1	214	0.2	11,254	1.0
65 & Older	11.7	547	0.1	154	0.1	14,885	1.3
All Ages	100.0*	415,651	100.0	134,018	100.0*	1,169,066	100.0*

	Motor Vehicle Theft		Arson		Drunk Driving		Drug Abuse	
Age Group	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total
Under 15	8,628	8.2%	4,113	23.9%	522	0.0%	11,819	1.9%
15-19	43,268	41.0	3,749	21.8	132,349	8.2	137,664	22.3
20-24	24,028	22.8	2,799	16.3	404,192	25.1	195,807	31.7
25-29	13,492	12.8	2,174	12.6	324,609	20.1	131,853	21.4
30-34	7,353	7.0	1,429	8.3	229,152	14.2	73,518	11.9
35-39	3,942	3.7	1,049	6.1	163,291	10.1	33,812	5.5
40-44	2,115	2.0	733	4.3	117,023	7.3	15,303	2.5
45-49	1,227	1.2	432	2.5	83,993	5.2	7,449	1.2
50-54	644	0.6	332	1.9	63,533	3.9	4,303	0.7
55-59	421	0.4	188	1.1	45,500	2.8	2,737	0.4
60-64	209	0.2	113	0.7	27,457	1.7	1,758	0.3
65 & Older	187	0.2	92	0.5	21,563	1.3	913	0.1
All Ages	105,514	100.0*	17,203	100.0	1,613,184	100.0*	616,936	100.0*

*Percentage does not add to total because of rounding.

Source: Federal Bureau of Investigation (based on reports from 10,827 agencies with a total population of 200,692,000 in 1983).

Aircraft Accidents

Most accident rates in the various categories of U.S. civil aviation were lower in 1983 than in the preceding year, according to preliminary data released by the National Transportation Safety Board. Accident rates of the commuter carriers — scheduled air carriers operating on short haul or regional routes — dropped to the lowest levels in the nine years that such statistics have been recorded.

Fifteen persons were killed in accidents involving scheduled flights of the major airlines, 10 of them in a crash at Pinckneyville, Ill. This was in contrast with the 1982 record of 235 fatalities, including 153 in a single crash near New Orleans. The airlines experienced 20 total accidents in scheduled service, however, as compared with 16 in 1982, for a 1983 rate of 0.306 accidents per 100,000 aircraft hours flown.

Except for a fractionally lower fatal accident rate in 1979, general aviation (aircraft other than large airlines, commuters and air taxis) recorded new lows in every accident total and rate during 1983, according to the preliminary statistics. The number of accidents dropped to 3,091 from 3,216 in 1982, fatal accidents were down from 578 to 548 and fatalities dropped from 1,161 to 1,049.

On-demand air taxis had 141 accidents, up from 133 in 1982, although the number of fatal accidents dropped from 30 to 28 and the fatality toll fell from 70 to 60.

Aircraft Accidents in 1983*

	Aircraft Hours Flown	Accidents	Fatal Accidents	Fatalities	Accidents per 100,000 Flight Hours
U.S. Airlines:					
Scheduled	6,534,000	20	4	15	0.306
Non-scheduled	256,000	4	1	7	1.563
Scheduled Commuter Carriers	1,378,000	17	2	11	1.23
Non-Scheduled Air Taxis	3,102,000	141	28	60	4.55
General Aviation	32,766,000	3,091	548	1,049	9.43

*Preliminary data.

Source: National Transportation Safety Board.

Accidents, Scheduled Airlines, 1979-1983

Year	Aircraft Hours Flown	Accidents	Fatal Accidents	Fatalities	Accidents per 100,000 Flight Hours
1979	6,700,322	24	4	351	0.358
1980	6,797,578	15	0	0	0.221
1981	6,571,288	25	4	4	0.380
1982	6,400,377	16	5	235	0.234
1983*	6,534,000	20	4	15	0.306

*Preliminary data.

Source: National Transportation Safety Board.

Boating Accidents

The number of fatalities in boating accidents in the United States increased by 5 percent in 1983 as the number of recreational boats peaked at an estimated 15.3 million. The fatality rate was 8.1 per 100,000 boats. Reported injuries requiring medical treatment beyond first aid increased from 2,682 in 1982 to 2,913 in 1983.

Boating Accidents by State, 1983

State	Accidents	Fatalities	Injuries	Property Damage
Alabama	134	34	63	$ 163,300
Alaska	30	11	6	296,100
Arizona	106	15	53	272,400
Arkansas	30	15	15	18,300
California	648	95	333	3,713,100
Colorado	54	17	32	83,000
Connecticut	52	17	11	108,600
Delaware	32	4	10	363,500
District of Columbia	4	1	1	21,300
Florida	603	68	325	2,538,000
Georgia	116	37	77	223,600
Hawaii	41	3	15	253,600
Idaho	17	5	12	33,800
Illinois	93	16	47	163,500
Indiana	107	14	67	98,500
Iowa	47	11	28	71,700
Kansas	47	12	21	50,800
Kentucky	109	22	50	182,200
Louisiana	134	64	68	505,200
Maine	58	15	39	83,100
Maryland	180	25	69	398,900
Massachusetts	19	22	7	33,200
Michigan	409	66	256	432,300
Minnesota	126	23	75	213,400
Mississippi	81	33	30	150,400
Missouri	187	26	78	293,700
Montana	25	19	3	14,000
Nebraska	18	0	16	42,800
Nevada	88	11	16	213,600
New Hampshire	4	4	1	0
New Jersey	249	17	122	537,100
New Mexico	19	5	6	25,600
New York	342	60	234	840,600
North Carolina	108	31	76	294,900
North Dakota	12	2	5	46,500
Ohio	125	34	58	303,100
Oklahoma	57	19	37	75,500
Oregon	79	23	35	236,200
Pennsylvania	76	25	53	180,200
Rhode Island	38	3	27	409,800
South Carolina	93	41	41	202,700
South Dakota	11	4	2	9,400
Tennessee	89	29	47	146,900
Texas	236	104	81	460,000
Utah	86	16	45	134,600
Vermont	8	3	13	16,600
Virginia	100	36	65	169,700
Washington	72	32	28	262,800
West Virginia	23	9	13	29,300
Wisconsin	134	42	101	203,900
Wyoming	5	0	0	9,600
Puerto Rico	5	1	0	76,200
Virgin Islands	3	0	0	24,700
Totals	5,569	1,241	2,913	$15,731,800

Source: U.S. Coast Guard.

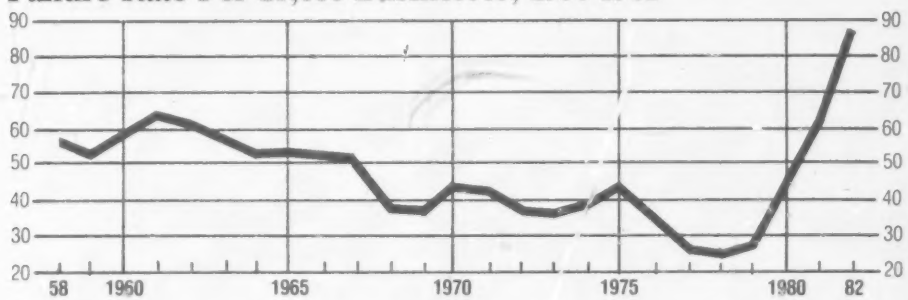
Business Failure Trends

The continuing recession and prolonged slumps in key industries including housing and automotive were blamed by Dun & Bradstreet for a sharp rise in business failures in the United States in 1982, and again in 1983, reminiscent of the depression years of the early 1930s.

Dun & Bradstreet put the number of failures in 1982 at 24,908, up about 47 percent from the 1981 total of 16,794. The failure rate increased from 61 to 88 per 10,000 businesses. Compilations for 1982 showed the overall cost of business failures for the year to stand at some $15.61 billion, a staggering 125 percent greater than the total of $6.95 billion recorded in 1981.

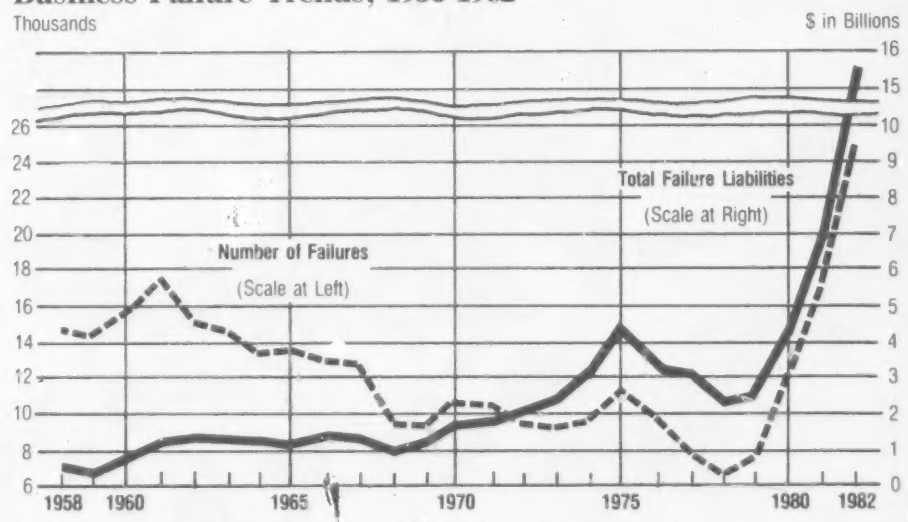
Dun & Bradstreet reported a preliminary count of 31,334 business failures in 1983.

Failure Rate Per 10,000 Businesses, 1958-1982



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

Business Failure Trends, 1958-1982



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

Health Insurance Benefits

Private insurance companies pay a larger share of the nation's billions of dollars of health insurance benefits than any other single category of health care provider. Private insurers paid more than $49.1 billion in such benefits in 1982, the latest year for which such statistics were available. The figure was 18.1 percent higher than that of 1981.

The following table compares the amounts of health insurance benefits paid in 1981 and 1982 by private insurers and by other guarantors of such benefits, including Medicare and Medicaid in the government sector.

	1982	1981	% Change
Private Insurers	$ 49,159,000,000	$41,622,000,000	+ 18.1
Blue Cross, Blue Shield	32,357,000,000	29,403,000,000	+ 10.0
Other Plans*	17,997,000,000	14,298,000,000	+ 25.9
Private Sector Total**	$88,210,000,000	$76,343,000,000	+ 15.5
Medicare	46,134,000,000	39,919,000,000	+ 20.8
Medicaid	29,907,000,000	27,284,000,000	+ 9.6
Totals	$166,251,000,000	$143,546,000,000	+ 15.8

*Includes Health Maintenance Organizations, employer-employee sponsored plans, etc.

**Private sector total elimirates duplications that result from private insurers and the Health Care Financing Administration ("Other Plans") both reporting Administrative Services Only benefits in their data.

Source: Health Insurance Association of America.

A review by the Health Insurance Association of America disclosed that in 1982 the average cost to hospitals per patient stay ranged from a low of $1,589 in Mississippi to highs of $3,991.60 in the District of Columbia and $3,294.90 in California. The range on the basis of the average cost to hospitals of a day's stay was from $217.10 in South Dakota to $508.30 in Alaska. Countrywide, the average cost to hospitals per patient day increased 15.2 percent from $284.30 in 1981 to $327.40 in 1982.

The Cost of Hospitalization and Health Insurance Benefits Paid by Private Insurers, 1982

State	Benefits Paid by Insurance Co's. (in thousands)	Average Cost to Hospital per Patient Day	Average Length Hospital Stay in Days	Average Cost to Hospital per Patient Stay
Alabama	$ 424,000	$ 275.70	7.2	$1,985.20
Alaska	57,000	508.30	5.9	2,999.00
Arizona	377,000	410.20	6.5	2,666.30
Arkansas	218,000	253.40	6.6	1,672.40
California	3,612,000	506.90	6.5	3,294.90
Colorado	456,000	336.10	7.1	2,386.30
Connecticut	450,000	354.10	7.8	2,761.20
Delaware	82,000	302.10	8.2	2,477.20
District of Columbia	200,000	458.80	8.7	3,991.60
Florida	1,642,000	334.90	7.5	2,511.80
Georgia	808,000	283.60	6.7	1,900.10
Hawaii	53,000	307.30	8.3	2,550.60
Idaho	73,000	266.40	6.5	1,731.60
Illinois	1,981,000	369.20	8.0	2,953.60
Indiana	695,000	287.10	7.8	2,239.40

State	Benefits Paid by Insurance Co's. (in thousands)	Average Cost to Hospital per Patient Day	Average Length Hospital Stay in Days	Average Cost to Hospital per Patient Stay
Iowa	$ 360,000	$ 259.90	8.0	$2,079.20
Kansas	283,000	292.40	7.8	2,280.70
Kentucky	285,000	261.20	6.7	1,750.00
Louisiana	682,000	337.00	6.3	2,123.10
Maine	122,000	296.00	7.7	2,279.20
Maryland	461,000	329.10	8.3	2,731.50
Massachusetts	638,000	369.80	8.9	3,291.20
Michigan	927,000	356.60	8.0	2,852.80
Minnesota	511,000	256.60	9.4	2,412.00
Mississippi	312,000	227.00	7.0	1,589.00
Missouri	789,000	327.80	8.0	2,622.40
Montana	81,000	226.10	8.3	1,876.60
Nebraska	236,000	260.00	8.4	2,184.00
Nevada	176,000	493.50	6.3	3,109.00
New Hampshire	96,000	288.50	7.1	2,048.40
New Jersey	893,000	280.00	8.4	2,352.00
New Mexico	161,000	316.50	6.7	2,120.60
New York	2,263,000	311.90	9.7	3,025.40
North Carolina	664,000	257.50	7.5	1,931.30
North Dakota	57,000	243.90	8.6	2,097.50
Ohio	1,340,000	324.60	8.1	2,629.30
Oklahoma	409,000	332.60	6.5	2,161.90
Oregon	273,000	382.40	5.9	2,256.20
Pennsylvania	1,116,000	320.00	8.5	2,720.00
Rhode Island	48,000	331.80	8.5	2,820.30
South Carolina	306,000	250.90	7.4	1,856.70
South Dakota	102,000	217.10	8.7	1,888.80
Tennessee	575,000	275.10	7.2	1,980.70
Texas	2,408,000	307.20	6.6	2,027.50
Utah	157,000	375.60	5.4	2,028.20
Vermont	42,000	256.00	8.2	2,099.20
Virginia	488,000	282.10	7.9	2,288.60
Washington	349,000	375.90	5.7	2,142.60
West Virginia	203,000	270.70	7.2	1,949.00
Wisconsin	511,000	283.40	8.3	2,352.20
Wyoming	69,000	302.90	5.5	1,665.90
Puerto Rico and U.S. Territories	105,000	—	—	—
Countrywide	$49,159,000*	$327.40	7.6	$2,488.20
1981 Totals	$41,622,000*	$284.30	7.6	$2,160.70

*Includes $19,533 billion for 1982 and $14.768 billion for 1981 in Administrative Service Agreement benefit payments not allocated by state.

Source: Health Insurance Association of America.

7. Laws Affecting Motorists

Automobile Financial Responsibility and Compulsory Laws

Most states have laws, commonly known as financial responsibility laws, under which a person involved in an automobile accident may be required to furnish proof of financial responsibility (usually done in the form of automobile liability insurance) up to certain minimum dollar limits. The provinces of Canada have similar laws. Mexico has no financial responsibility law as such, but requires an auto liability insurance policy written with a Mexican company.

More than half the states have laws requiring registered car owners to have liability insurance or, in some cases, some other approved form of security. These "compulsory" auto insurance laws are in effect in Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Utah, West Virginia and Wyoming. Florida requires its car owners to have first-party "personal injury protection" insurance.

Every state has either a financial responsibility law or a "compulsory" law. Many have both kinds of statutes. Even where ownership of automobile liability insurance is not compulsory, the existence of the financial responsibility laws, along with the ever-present threat of a financially crippling judgment in the event of an accident, has come to make the possession of automobile liability insurance a virtual necessity for most motorists.

Nevertheless, there are many motorists who are considered doubtful risks or whose poor driving records label them as obviously bad insurance risks. In all states, there are procedures through which such persons are able to obtain coverage. For additional information about these procedures, see "The Automobile Shared Market," Page 42.

Automobile Financial Responsibility/Compulsory Limits

State	Liability Limits*
Alabama	10/20/15[1]
Alaska	25/50/10
Arizona	15/30/10
Arkansas	25/50/15
California	15/30/5
Colorado	25/50/15
Connecticut	20/40/10
Delaware	15/30/10
District of Columbia	10/20/5
Florida	10/20/5
Georgia	15/30/10
Hawaii	25/unlimited/10
Idaho	25/50/15
Illinois	15/30/10
Indiana	25/50/10
Iowa	20/40/15
Kansas	25/50/10
Kentucky	25/50/10
Louisiana	10/20/10
Maine	20/40/10
Maryland	20/40/10
Massachusetts	10/20/5
Michigan	20/40/10
Minnesota	25/50/10
Mississippi	10/20/5
Missouri	25/50/10
Montana	25/50/5
Nebraska	25/50/25
Nevada	15/30/10
New Hampshire	25/50/25
New Jersey	15/30/5
New Mexico	25/50/10
New York	10/20/5[2]
North Carolina	25/50/10
North Dakota	25/50/10
Ohio	12.5/25/7.5
Oklahoma	10/20/10
Oregon	25/50/10
Pennsylvania	15/30/5
Rhode Island	25/50/10
South Carolina	15/30/5
South Dakota	15/30/10
Tennessee	15/30/10[3]
Texas	15/30/15
Utah	20/40/10
Vermont	20/40/10
Virginia	25/50/10
Washington	25/50/10
West Virginia	20/40/10
Wisconsin	25/50/10
Wyoming	10/20/5
CANADA	
Alberta	$100,000 inclusive**
British Columbia	$100,000 inclusive**
Manitoba	$200,000 inclusive**
New Brunswick	$100,000 inclusive**
Newfoundland	$200,000 inclusive**
Northwest Territories	$50,000 inclusive**
Nova Scotia	$100,000 inclusive**
Ontario	$200,000 inclusive**
Prince Edward Island	$100,000 inclusive**
Quebec	$50,000 property damage[4]
Saskatchewan	$100,000 inclusive**
Yukon	$200,000 inclusive**

*The first two figures refer to bodily injury liability limits and the third figure to property damage liability. For example, 10/20/5 means coverage up to $20,000 for all persons injured in an accident, subject to a limit of $10,000 for one individual; and $5,000 coverage for property damage.

"Inclusive" means that the amount of liability insurance shown is available to settle either bodily injury or property damage claims—or both.

[1]20/40/10 on Jan. 1, 1985; [2]50/100 in cases of wrongful death; [3]20/40/10 as of Jan. 1, 1987, 25/50/10 as of Jan 1, 1990.

[4]Quebec has a complete no-fault system for bodily injury claims, scaled down for non-residents in proportions to their degree of fault. The $50,000 limit relates to liability for damage to property in Quebec and to liability for bodily injury and property damage outside Quebec.

Source: American Insurance Association, Insurance Bureau of Canada.

"No-Fault" Automobile Insurance

A major change in the biggest single line of property and casualty insurance—automobile insurance—has been in the making since the early 1970s. Widespread dissatisfaction with the operation of the traditional tort liability system, under which recoveries by accident victims of their losses are often dependent upon proving who caused the accident, has led to the adoption of "first-party" laws by about half the states and consideration of similar action by most of the other states.

A number of states have enacted laws mandating the purchase of auto liability insurance and a form of "no-fault" insurance which permits accident victims to recover such financial losses as medical and hospital expenses and lost income from their own insurance companies. Most of those states also have some restrictions on the right to sue. Several other state laws make optional the purchase of "first party" coverages up to specified minimum limits.

Among the states which have adopted forms of "no-fault" auto insurance, the major variations involve: dollar limits on medical and hospital expenses (unlimited in some states), funeral and burial expenses, lost income and the amount to be paid a person hired to perform essential services that an injured non-income producer is unable to perform; also, conditions governing the right to sue which usually include death, serious injury and a point at which medical expenses reach a stipulated amount.

Jurisdictions which have forms of "first-party" auto insurance and the dates on which the laws originally became effective, follow.

Compulsory first-party/liability insurance; some restrictions on lawsuits

Colorado, April 1, 1974	Kansas, January 1, 1974	New Jersey, January 1, 1973
Connecticut, January 1, 1973	Kentucky, July 1, 1975	New York, February 1, 1974
District of Columbia, October 1, 1983	Massachusetts, January 1, 1971	North Dakota, January 1, 1976
Georgia, March 1, 1975	Michigan, October 1, 1973	Utah, January 1, 1974
Hawaii, September 1, 1974	Minnesota, January 1, 1975	

Compulsory first-party, optional liability insurance; some restrictions on lawsuits

Florida, January 1, 1972	Puerto Rico, 1970

Compulsory first-party and liability insurance; no restrictions on lawsuits

Delaware, January 1, 1972	Oregon, January 1, 1972	Pennsylvania, October 1, 1984*
Maryland, January 1, 1973		

Compulsory liability, optional first-party insurance; no restrictions on lawsuits

South Carolina, October 1, 1974	Texas, June 17, 1981

Insurance not compulsory; first-party benefits optional, no restrictions on lawsuits

Arkansas, July 1, 1974	South Dakota, January 1, 1972	Virginia, January 1, 1972
New Hampshire, October 1, 1971		

*Pennsylvania's "no-fault" law, which originally included some restrictions on lawsuits, has been in effect since July, 1975.

Source: American Insurance Association.

8. General Information

The Regulation of Insurance

The business of property and casualty insurance is subject to two powerful forms of control: a high intensity of competition among insurance companies and strict regulation state by state.

The degree of competition is reflected by the fact that in a field which is served by more than 3,400 companies, no single company or group has more than 9.8 percent of the property/casualty insurance market. The 10 largest companies combined had 38.1 percent of the market in 1983.

As a business which is inherently linked with the public interest, property and casualty insurance is closely regulated by designated authorities in every state and in other jurisdictions. Also, certain insurer activities are subject to regulation by federal agencies.

In essence, the basic charge to which the state regulatory authorities are committed is to assure the continued solvency of each company in order that it might be ready to discharge its obligation to policyholders, to ascertain that customers are neither overcharged nor unfairly discriminated against, and to regulate the business in a way that will encourage the companies to make essential insurance protection as readily available to the public as practicable.

The procedures for reviewing and effectuating property and casualty rates include, in many states, the requirement that rates be approved in advance by the regulator. In a number of other states, rate changes generally may be made without prior approval. In those states, rates are subject to the forces of competition among insurers and to subsequent review by the regulator to assure that they are not inadequate, excessive or unfairly discriminatory.

Greater reliance on price competition is the objective of a model rating law adopted in December 1980 by the National Association of Insurance Commissioners, the organization of state regulators. With some variations, the NAIC followed recommendations of an advisory committee of insurance buyers, consumer representatives and insurance people, which had been charged with studying the merits of competitive pricing. The committee pointed to "properly structured" price competition as "the most effective way to assure the availability of property/casualty insurance at costs that are fair, reasonable and not excessive."

The State Insurance Commissioners

Alabama: Tharpe Forrester, Acting Commissioner of Insurance, 135 South Union St., Montgomery, Ala. 36130-3401. Tel. 205-269-3550.

Alaska: John George, Director of Insurance, Pouch "D", Juneau, Alaska 99811. Tel. 907-465-2515.

Arizona: F. David Childers, Director of Insurance, 1601 W. Jefferson, Phoenix, Ariz. 85007. Tel. 602-255-4862.

Arkansas: Linda Garner, Insurance Commissioner, 400 University Tower Building, Little Rock, Ark. 72204. Tel. 501-371-1325.

California: Bruce A. Bunner, Insurance Commissioner, 600 South Commonwealth, 14th Floor, Los Angeles, Calif. 90005. Tel. 213-736-2551.

Colorado: John Kezer, Acting Commissioner of Insurance, 303 W. Colfax Ave., Fifth Floor, Denver, Colo. 80204. Tel. 303-534-8871.

Connecticut: Peter W. Gillies, Insurance Commissioner, 165 Capitol Ave., State Office Bldg., Hartford, Conn. 06106. Tel. 203-566-5275.

Delaware: David H. Elliott, Insurance Commissioner, 21 The Green, Dover, Del. 19901. Tel. 302-736-4251.

District of Columbia: Margurite C. Stokes, Acting Superintendent of Insurance, 614 H St., N.W., Suite 512, Washington, D.C. 20001. Tel. 202-727-7421.

Florida: William D. Gunter, Insurance Commissioner, State Capitol, Plaza Level 11, Tallahassee, Fla. 32301. Tel. 904-488-3440.

Georgia: Johnnie L. Caldwell, Insurance Commissioner, 200 Piedmont Ave., S.E., Floyd Memorial Building, West Tower–7th Floor, Atlanta, Ga. 30334. Tel. 404-656-2056.

Guam: David J. Santos, Insurance Commissioner, P.O. Box 2796, Agana, Guam 96910. Tel. 011-671-477-7731.

Hawaii: Mario R. Ramil, Insurance Commissioner, P.O. Box 3614, Honolulu, Hawaii 96811. Tel. 808-548-5450.

Idaho: Wayne L. Soward, Acting Director of Insurance, 700 W. State St., Boise, Idaho 83720. Tel. 208-334-2250.

Illinois: John E. Washburn, Acting Director of Insurance, 320 W. Washington St., 4th Floor, Springfield, Ill. 62767. Tel. 217-782-4515.

Indiana: Don H. Miller, Commissioner of Insurance, 509 State Office Building, Indianapolis, Ind. 46204. Tel. 317-232-2386.

Iowa: Bruce W. Foudree, Commissioner of Insurance, State Office Building, G23 Ground Floor, Des Moines, Iowa 50319. Tel. 515-281-5705.

Kansas: Fletcher Bell, Commissioner of Insurance, 420 South West Ninth St., Topeka, Kan. 66612. Tel. 913-296-3071.

Kentucky: Gilbert McCarty, Insurance Commissioner, 151 Elkhorn Ct., Frankfort, Ky. 40601. Tel. 502-564-3630.

Louisiana: Sherman A. Bernard, Commissioner of Insurance, 950 North 5th St., Baton Rouge, La. 70801. Tel. 504-342-5328.

Maine: Theodore T. Briggs, Superintendent of Insurance, State Office Building, State House, Station 34, Augusta, Maine 04333. Tel. 207-289-3101.

Maryland: Edward J. Muhl, Insurance Commissioner, 501 St. Paul Pl., 7th Floor South, Baltimore, Md. 21202. Tel. 301-659-4027.

Massachusetts: Peter Hiam, Commissioner of Insurance, 100 Cambridge St., Boston, Mass. 02202. Tel. 617-727-3333.

Michigan: Nancy A. Baerwaldt, Insurance Commissioner, P.O. Box 30220, 611 West Ottawa St., Lansing, Mich. 48933. Tel. 517-373-9273.

Minnesota: Michael A. Hatch, Commissioner of Commerce, 500 Metro Square Building, St. Paul, Minn. 55101. Tel. 612-296-6907.

Mississippi: George Dale, Commissioner of Insurance, 1804 Walter Sillers Building, P.O. Box 79, Jackson, Miss. 39205. Tel. 601-359-3569.

Missouri: C. Donald Ainsworth, Director of Insurance, 301 W. High St. 6 North, P.O. Box 690, Jefferson City, Mo. 65102. Tel. 314-751-2451.

Montana: Elmer V. Omholt, Commissioner of Insurance, Mitchell Building, P.O. Box 4009, Helena, Mont. 59601. Tel. 406-444-2996.

Nebraska: Michael J. Dugan, Director of Insurance, 301 Centennial Mall, South, P.O. Box 94699, Lincoln, Neb. 68509. Tel. 402-471-2201. Ext. 238.

Nevada: David Gates, Commissioner of Insurance, Nye Building, 201 South Fall St., Carson City, Nev. 89710. Tel. 702-885-4270.

New Hampshire: Louis E. Bergeron, Insurance Commissioner, 169 Manchester St., Concord, N.H. 03301. Tel. 603-271-2261.

New Jersey: Kenneth Merin, Commissioner of Insurance, 201 East State St., Trenton, N.J. 08625. Tel. 609-292-5363.

New Mexico: Vicente B. Jasso, Superintendent of Insurance, PERA Building, P.O. Drawer 1269, Sante Fe, N.M. 87501. Tel. 505-827-4535.

New York: James P. Corcoran, Superintendent of Insurance, 160 W. Broadway, New York, N.Y. 10013. Tel. 212-602-0429.

North Carolina: John R. Ingram, Commissioner of Insurance, Dobbs Building, P.O. Box 26387, Raleigh, N.C. 27611. Tel. 919-733-7343.

North Dakota: J.O. Wigen, Commissioner of Insurance, Capitol Building, Fifth Floor, Bismarck, N.D. 58505. Tel. 701-224-2444.

Ohio: George Fabe, Director of Insurance, 2100 Stella Court, Columbus, Ohio 43215. Tel. 614-466-3584.

Oklahoma: Gerald Grimes, Insurance Commissioner, 408 Will Rogers Memorial Building, Oklahoma City, Okla. 73105. Tel. 405-521-2828.

Oregon: Josephine M. Driscoll, Insurance Commissioner, 158 12th St., N.E., Salem, Ore. 97310. Tel. 503-378-4271.

Pennsylvania: William Muir, Acting Insurance Commissioner, Strawberry Square, 13th Floor, Harrisburg, Pa. 17120. Tel. 717-787-5173.

Puerto Rico: Juan Antonio Garcia, Commissioner of Insurance, Fernandez Juncos Station, P.O. Box 8330, Santurce, P.R. 00910. Tel. 809-724-6565.

Rhode Island: William F. Carroll, Insurance Commissioner, 100 North Main St., Providence, R.I. 02903. Tel. 401-277-2223.

South Carolina: Rogers T. Smith, Chief Insurance Commissioner, 2711 Middleburg Dr., P.O. Box 4067, Columbia, S.C. 29204. Tel. 803-758-3266.

South Dakota: Susan L. Walker, Director of Insurance, Insurance Building, 320 N. Nicollet, Pierre, S.D. 57501. Tel. 605-773-3563.

Tennessee: John C. Neff, Commissioner of Insurance, 114 State Office Building, Nashville, Tenn. 37219. Tel. 615-741-2241.

Texas: Tom Bond, Commissioner of Insurance, 1110 San Jacinto Blvd., Austin, Tex, 78786. Tel. 512-475-2273.

Utah: Roger C. Day, Commissioner of Insurance, 160 E. 300 South, P.O. Box 5803, Salt Lake City, Utah 84110. Tel. 801-530-6400.

Vermont: George A. Chaffee, Commissioner of Insurance, State Office Building, 120 State St., Montpelier, Vt. 05602. Tel. 802-828-3301.

Virgin Islands: Julio A. Brady, Commissioner of Insurance, P.O. Box 450, Charlotte Amalie, St. Thomas, Virgin Islands 00801. Tel. 809-774-2991.

Virginia: James M. Thomson, Commissioner of Insurance, 700 Jefferson Building, P.O. Box 1157, Richmond, Va. 23209. Tel. 804-786-3741.

Washington: Richard G. Marquardt, Insurance Commissioner, Insurance Building AQ21, Olympia, Wash. 98504. Tel. 206-753-7301.

West Virginia: Richard G. Shaw, Insurance Commissioner, 2100 Washington St., East, Charleston, W.Va. 25305. Tel. 304-348-3386.

Wisconsin: Thomas P. Fox, Commissioner of Insurance, P.O. Box 7873, 123 W. Washington Ave., Madison, Wis. 53707. Tel. 608-266-0102.

Wyoming: Robert W. Schrader, Insurance Commissioner, 2424 Pioneer Ave., Cheyenne, Wyo. 82002. Tel. 307-777-7401.

Definitions

Insurance: A system under which individuals, businesses and other organizations or entities, in exchange for payment of a sum of money (a premium), are guaranteed compensation for losses resulting from certain perils under specified conditions.

Property Insurance: Insurance providing financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke.

Casualty Insurance: Insurance concerned primarily with the insured's legal liability for injuries to others or for damage to other persons' property; also encompasses such forms of insurance as plate glass, burglary, robbery and workers' compensation.

Liability Insurance: Insurance covering the policyholder's legal liability resulting from injuries to other persons or damage to their property.

Life Insurance: Insurance providing for payment of a specified amount on the insured's death, either to his or her estate or to a designated beneficiary; or in the case of an endowment policy, to the policyholder at a specified date.

Accident and Health Insurance: A type of coverage that pays benefits, sometimes including reimbursement for loss of income, in case of sickness, accidental injury or accidental death.

Actual Cash Value: The cost of repairing or replacing damaged property with other of like kind and quality in the same physical condition; commonly defined as replacement cost less depreciation.

Agent: The *independent agent* is an independent business person who usually represents two or more insurance companies in a sales and service capacity and who is paid on a commission basis. The *exclusive agent* represents only one company, usually on a commission basis. The *direct writer* is the salaried or commissioned employee of a single company.

Allied Lines: A term for forms of insurance allied with property insurance, covering such perils as sprinkler leakage, water damage and earthquake.

Arson: The willful and malicious burning of, or attempt to burn, any structure or other property, often with criminal or fraudulent intent.

Assets: As applicable to insurance, all funds, property, goods, securities, rights of action or resources of any kind owned by an insurance company, less such items as are declared nonadmissable for accounting purposes by state laws, including deferred or overdue premiums.

Automobile Insurance Plan: Formerly called and still sometimes referred to as "assigned risk" plan. A program to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.

Automobile Liability Insurance: Protection for the insured against financial loss because of legal liability for car-related injuries to others or damage to their property.

Automobile Physical Damage Insurance: Coverage to pay for damage to or loss of policyholder's automobile resulting from collision, fire, theft, or other perils.

Aviation Insurance: Insurance pertaining to aircraft, including coverage of aircraft or their contents, the owner's liability or accident insurance on the passengers.

Boiler and Machinery Insurance: Coverage for loss arising out of the operation of pressure, mechanical and electrical equipment. It covers loss of the boiler and machinery itself, damage to other property, and business interruption losses.

Broker: A marketing specialist who represents buyers of property and liability insurance and who deals with either agents or companies in arranging for the coverage required by the customer.

Burglary: Breaking and entering into another person's property with felonious intent.

Burglary and Theft Insurance: Coverage against property losses due to burglary, robbery or larceny.

Business Interruption Insurance: Protection for a business owner against losses resulting from a temporary shutdown because of fire or other insured peril. The insurance provides reimbursement for lost net profits and necessary continuing expenses.

Catastrophe: In insurance, a term applied to an incident or series of related incidents causing insured property losses totaling more than $5 million.

Claim: A demand to recover under an insurance policy for a loss covered by that policy.

Coinsurance: A provision in an insurance policy under which the insured agrees to carry a certain amount of insurance expressed as a percentage of the value of the property. It provides for the full payment, up to the amount of the policy, of all losses if the insurance carried is at least equal to the specified percentage. If the insured fails to carry the necessary amount of insurance, he or she assumes a proportionate share of the loss.

Collision Insurance: An automobile insurance coverage against damage to the policyholder's vehicle caused by collision with another car or object or by upset.

Combined Ratio: The sum of the ratio of losses incurred to premiums earned and the ratio of commissions and expenses incurred to premiums written.

Commercial Lines: Insurance for businesses, organizations, institutions, governmental agencies or other commercial establishments.

Commercial Multiple Peril Policy: A package type of insurance for the commercial establishment that includes a wide range of essential coverages.

Commissioner: A state officer for administering the state's insurance laws and regulations. In some states, the regulator bears the title of director or superintendent of insurance.

Comprehensive Personal Liability Insurance: Protection for an insured against loss arising out of legal liability to pay money for damage or injury to others for which the insured is responsible. Does not include automobile liability or business operations.

Compulsory Insurance: Any form of insurance which is required by law.

Coverage: The scope of protection provided under a contract of insurance; any of several risks covered by a policy.

Credit Insurance: A guarantee to manufacturers, wholesalers and service organizations that they will be paid for goods shipped or services rendered. Applies to that part of working capital which is represented by accounts receivable.

Crop-Hail Insurance: Protection against damage to growing crops as a result of hail or certain other named perils.

Deductible: An amount which a policyholder agrees to pay, per claim or per accident, toward the total amount of an insured loss. Insurance is written on this basis at reduced rates.

Dividend: (1) An amount returned to a policyholder by an insurance company out of its earnings. (2) In capital stock companies, a share of profits distributed to stockholders.

Earned Premium: The portion of a premium which is the property of an insurance company, based on the expired portion of the policy period.

Earthquake: A trembling or shaking of the earth, often resulting in severe damage.

Economic Loss: The estimated total cost, both insured and uninsured, of mishaps (such as motor vehicle accidents, work accidents and fires). Includes such factors as property damage; medical, hospital and legal costs; funeral expenses; wage loss, and insurance administrative costs.

Embezzlement: Fraudulent use or taking of another's property or money which has been entrusted to one's care.

Extended Coverage Insurance: Protection for the insured against property damage caused by windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, vehicle and aircraft. This is provided in conjunction with the fire insurance policy and the various "package" policies.

FAIR Plan: A facility, operating under a government-insurance industry cooperative program, to make fire insurance and other forms of property insurance readily available to persons who have difficulty obtaining such coverage.

Farmowners-Ranchowners Policy: A package policy for a farm or a ranch, providing property and liability coverages against both personal and business losses.

Federal Crime Insurance: Insurance against burglary, larceny and robbery losses offered by the federal government where the Federal Insurance Administration has determined that an insurance availability problem exists.

Fidelity Bond: A form of protection which reimburses an employer for losses caused by dishonest or fraudulent acts of employees.

Financial Responsibility Law: A state law under which a person involved in an automobile accident may be required to furnish security up to certain minimum dollar limits.

Fire Insurance: Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water.

Flood Insurance: Coverage against loss resulting from the flood peril.

General Liability Insurance: Coverage that pertains, for the most part, to claims arising out of the insured's liability for injuries or damage caused by ownership of property, manufacturing operations, contracting operations, sale or distribution of products, and the operation of elevators and the like, as well as professional services.

Glass Insurance: Protection for loss of or damage to glass and its appurtenances.

Group Insurance: Any insurance plan under which a number of persons and their dependents are insured under a single policy, issued to their employer or to an association with which they are affiliated.

Guaranty Fund: A fund, derived from assessments against solvent insurance companies, to absorb losses of claimants against involvent companies.

Health Insurance: Insurance against financial losses resulting from sickness or accidental bodily injury.

Homeowners Policy: A package type of insurance providing home owners with a broad range of property and liability coverages.

Hurricane: A tropical storm with a wind velocity of 75 or more miles an hour.

Inland Marine Insurance: A broad form of insurance, generally covering articles that may be transported from one place to another as well as bridges, tunnels and other instrumentalities of transportation and communication. It includes goods in transit (generally excepting trans-ocean) as well as numerous "floater" policies such as those covering personal effects, personal property, jewelry, furs, fine arts and others.

Insurance Company: An organization chartered to operate as an insurer.

Insured: Person or organization covered by an insurance policy, including the "named insured" and any other parties for whom protection is provided under the policy terms.

Investment Income: The portion of a company's income which is derived from its investments, including interest and dividends on stock and bonds.

Larceny-Theft: The unlawful taking, carrying, leading or riding away of another person's property.

Liability: Any legally enforceable obligation.

Liability Limits: The stipulated sum or sums beyond which an insurance company is not liable to protect the insured.

Loss: The basis on which an insurance claim is submitted and/or paid.

Malpractice Insurance: Coverage for a professional practitioner, such as a doctor or a lawyer, against liability claims resulting from alleged malpractice in the performance of the insured's services.

Marine Insurance: A form of insurance primarily concerned with instruments of transportation and communication, and with goods in transit. See also Inland Marine Insurance and Ocean Marine Insurance.

Medical Payments Insurance: A coverage, available in various liability insurance policies, in which the insurer agrees to reimburse the insured and others, without regard for the insured's liability, for medical or funeral expenses incurred as the result of bodily injury or death by accident under specified conditions.

Net Underwriting Profit or Loss: Statutory underwriting profit less (or loss plus) dividends to policyholders.

No-fault Automobile Insurance: A form of insurance by which a person's financial losses resulting from an automobile accident, such as medical and hospital expenses and loss of income, are paid by his or her own insurer regardless of who was at fault.

Ocean Marine Insurance: Coverage for sea-going vessels, including liabilities connected with them, and their cargoes.

Package Policy: A single insurance policy that includes several coverages.

Peril: The cause of a loss insured against in a policy.

Personal Lines: Those types of insurance, such as auto or home insurance, for individuals or families rather than for businesses or organizations.

Policy: A contract of insurance:

Policyholder: A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.

Policyholder's Surplus: Sum left after liabilities are deducted from assets. Sums such as paid-in capital and special voluntary reserves are also included in this term. This surplus is an additional financial protection to policyholders in the event a company suffers unexpected or catastrophic losses. In effect, it is the financial base that permits a company to sell insurance.

Pool: An organization of insurers or reinsurers through which particular types of risk are underwritten with premiums, losses and expenses shared in agreed-upon amounts.

Premium: The sum paid for an insurance policy. *Net premiums written* represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured. *Direct written premiums* are the amounts actually paid by policyholders.

Premium Tax: A tax, imposed by each state, on gross income of insurers doing business in a state.

Product Liability Insurance: Protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant or distributor because of injury or damage resulting from the use of a covered product.

Rate: The pricing factor upon which the insurance buyer's premium is based.

Regulation: Supervision of business practices by a governmental entity.

Reinsurance: Assumption by one insurance company of all or part of a risk undertaken by another insurance company.

Reserve: (1) An amount representing actual or potential liabilities kept by an insurer to cover obligations to policyholders. (2) An amount allocated for a special purpose. Note that a reserve is usually a liability and not an extra fund. On occasion a reserve may be an asset, such as a reserve for taxes not yet due.

Risk: The chance of loss. Also used to refer to the insured or to property covered by a policy.

Robbery: The taking of property from a person by force or by threat of violence.

State Fund: A fund set up by a state government to provide insurance. Some statutes permit, others exclude, competition by private insurers.

Statutory Underwriting Profit or Loss: Premiums earned less losses and expenses.

Surety Bond: An agreement providing for monetary compensation in the event of a failure to perform specified acts within a stated period. The surety company, for example, becomes responsible for fulfillment of a contract if the contractor defaults.

Surplus Lines: (1) A risk or a part of a risk for which there is no normal insurance market available. (2) Insurance written by non-admitted insurance companies.

Tornado: A whirling wind, accompanied by a funnel-shaped cloud, very violent and destructive in a narrow path, often for many miles over the land.

Tort: A wrongful act, resulting in injury or damage, on which a civil action may be based. Does not apply to a breach of contract.

Umbrella Liability: Covers losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies.

Underwriting: The process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk.

Underwriting Profit or Loss: The amount of money which an insurance company gains or loses as a result of its underwriting operations. A net gain or loss on underwriting operations represents a company's statutory underwriting profit less (or loss plus) any amount it may pay to its policyholders in the form of dividends.

Unearned Premium: The portion of a premium that a company has collected but has yet to earn because the policy still has unexpired time to run.

Uninsured Motorist Protection: A form of insurance which covers the policyholder and family members if injured by a hit-and-run motorist or a driver who carries no liability insurance, assuming the other driver is at fault.

Workers' Compensation Insurance: A method of providing for the cost of medical care and weekly payments to injured employees or to dependents of those killed in industry, regardless of blame.

Insurance and Service Organizations

The following are among the national organizations of or supported by insurance companies, or whose activities are closely related to insurance. National and state organizations which subscribe to the services of the Insurance Information Institute are identified by an asterisk(*).

Alliance of American Insurers, Franklin W. Nutter, president, 1501 Woodfield Rd., Suite 400 West, Schaumburg, Ill. 60195. Tel. 312-490-8500. Trade association to facilitate cooperation among fire and casualty insurance companies in matters of concern to them and their policyholders.

All-Industry Research Advisory Council, Donald W. Segraves, executive director, 1200 Harger Rd., Suite 222, Oakbrook, Ill. 60521. Tel. 312-920-1177. Provides the public and the insurance industry with timely research information relevant to public policy issues affecting risk and insurance.

American Association of Insurance Services, Melvin H. DeYoung, president, 1035 S. York Rd., Bensenville, Ill. 60106. Tel. 312-595-3225. Rating, statistical and advisory organization for personal and commercial lines of insurance with membership composed principally of small and medium size companies.

American Council of Life Insurance, Richard S. Schweiker, president, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4000. Trade association responsible for the public relations, government, legislative and research aspects of the life insurance business.

***American Institute of Marine Underwriters**, Ward L. Mauck, president, 14 Wall St., New York, N.Y. 10005. Tel. 212-233-0550. Provides information of interest to marine underwriters, and promotes the interest of those underwriters.

American Institute for Property and Liability Underwriters, Inc., Edwin S. Overman, Ph.D., CPCU, president, Providence and Sugartown Rds., Malvern, Pa. 19355. Tel. 215-644-2100. Establishes educational standards for professional property and liability insurance underwriting; fosters training.

American Insurance Association, T. Lawrence Jones, president, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Trade and service organization of the property and casualty insurance industry; provides a forum for the discussion of problems; provides safety, promotional and legislative services.

American Insurance Services Group, Inc., Lawrence M. Zippin, president, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Wholly owned subsidiary of the American Insurance Association, administers five industry service organizations, the Index System, Property Insurance Loss Register, Premium Audit Advisory Service, Property Claim Services and Engineering & Safety Service.

***American Nuclear Insurers**, Burt C. Proom, president, The Exchange, Suite 245, 270 Farmington Ave., Farmington, Conn. 06032. Tel. 203-677-7305. A nonprofit unincorporated association through which liability and property insurance protection is provided against hazards arising out of nuclear reactor installations and their operations.

American Prepaid Legal Services Institute, Alec M. Schwartz, executive director, 750 North Lake Shore Drive, Chicago, Ill. 60611. Tel. 312-988-5751. National membership organization to provide information and technical assistance to lawyers, insurance companies, administrators, marketers and consumers regarding group and prepaid legal service plans.

***Association of Fire and Casualty Companies in Texas**, Dion Riley, AFACT, executive manager, c/o Transport Insurance Co., 4100 Harry Hines Blvd., Dallas, Texas 75219. Tel. 214-526-3876. Represents domestic Texas property and liability insurance companies in seeking to broaden consumer knowledge of insurance and in supporting legislation to improve the insurance business.

***Automobile Insurance Plans Service Office**, John J. Corbley, president, 302 Central Ave., Johnston, R.I. 02919. Tel. 401-946-2310. Develops and files rates and provides other services for automobile insurance plans nationwide.

Casualty Actuarial Society, Frederick W. Kilbourne, president, One Penn Plaza, New York, N.Y. 10119. Tel. 212-560-1018(9). Promotes actuarial and statistical science in all insurance fields except life.

College of Insurance, Linda H. Lamel, president and chief executive, 1 Insurance Plaza, 101 Murray St., New York, N.Y. 10007. Tel. 212-962-4111. Insurance industry-supported college providing a complete curriculum leading to bachelor's and master's degrees in business administration and a bachelor of science degree in actuarial science.

Conference of Insurance Legislators, Charles Davis, executive director, P.O. Box 217, Brookfield, Wis. 53005. Tel. 414-782-6669. Organization of chairmen of state legislative committees concerned with insurance-related matters.

Crop-Hail Insurance Actuarial Association. Lloyd W. Lindstrom, manager, 209 W. Jackson Blvd., Chicago, Ill. 60606. Tel. 312-922-7722. Rating and research organization and statistical agent for crop-hail insurance and rain insurance on public events, business ventures, and private proceedings.

Crop Insurance Research Bureau, Larry L. Forrester, general manager, 3707 Woodview Trace, Box 68700, Indianapolis, Ind. 46268. Tel. 317-875-5250. Crop insurance trade organization administering the public relations, research and government relations programs of its member companies.

Defense Research Institute, Inc., Louis B. Potter, executive director, 750 North Lake Shore Drive, Suite 5000 Chicago, Ill. 60611. Tel. 312-944-0575. Service organization to improve the administration of justice and improve the skills of defense lawyers.

Federal Insurance Administration, Jeffrey S. Bragg, Federal Insurance Administrator, 500 C St., S.W., Washington, D.C. 20472. Tel. 202-287-0750. Administers the federal flood insurance and crime insurance programs.

***Fire Prevention and Engineering Bureau of Texas**, Richard E. Comstock, manager, 1900 Pacific Building, Suite 720, Dallas, Tex. 75201. Tel. 214-969-0330. Performs risk inspections, prepares underwriting reports, inspects fire defenses of Texas cities for members and subscribers.

Foreign Credit Insurance Association, Robert A. Keenan, president, One World Trade Center, 9th Floor, New York, N.Y. 10048. Tel. 212-432-6200. Offers credit insurance facilities for U.S. exporters through cooperation of the insurance business and the Export-Import Bank of Washington.

Health Insurance Association of America, James L. Moorefield, president, 1750 K St., N.W., Washington, D.C. 20006. Tel. 202-331-1336. Central source of health insurance information for the public on behalf of insurance companies; monitors public attitudes and reactions to health insurance developments.

Health Insurance Association of America, Public Relations Division, Kenneth W. White, vice president, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4000.

Highway Loss Data Institute, Dr. William Haddon Jr., president, Watergate Six Hundred, Suite 300, Washington, D.C. 20037. Tel. 202-333-6200. Nonprofit organization to gather, process and provide the public with insurance data concerned with human and economic losses resulting from highway accidents.

IIR/ACORD, John W. Folk, president, One North Broadway, White Plains, N.Y. 10601. Tel. 914-682-0800. An industry-sponsored institute serving as the focal point for improving the processing of insurance transactions through the insurance agency system.

Independent Insurance Agents of America, Inc., Jeffrey M. Yates, executive vice president, 100 Church St., New York, N.Y. 10007. Tel. 212-285-4250. Trade association of independent insurance agents.

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***Insurance Arbitration Forums,** Bernard L. Hines, Jr., president, Talleyrand I, 200 White Plains Rd., Tarrytown, N.Y. 10591-0066. Tel. 914-332-4770. Industry-supported non-profit organization to arbitrate inter-company disputes.

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Insurance Crime Prevention Institute, Wendall C. Harness, director, 15 Franklin St., Westport, Conn. 06880. Tel. 203-226-6347. Serves property and casualty insurers in the investigation of fraudulent insurance claims, other than accident, health and workers' compensation.

Insurance Information Institute, Mechlin D. Moore, president, 110 William St., New York, N.Y. 10038. Tel. 212-669-9200. An educational, fact-finding and communications organization for all lines of insurance except life and health insurance. It is supported by some 300 insurance companies and provides services on a subscribership basis to many major industry organizations.

Insurance Institute for Highway Safety, Dr. William Haddon, Jr., president, Watergate Six Hundred, Suite 300, Washington, D.C. 20037. Tel. 202-333-0770. Traffic safety organization supported by automobile insurers.

Insurance Institute of America, Inc., Edwin S. Overman, Ph.D., CPCU, president, Providence and Sugartown, Rds., Malvern, Pa. 19355. Tel. 215-644-2100. Provides educational opportunities in property and liability insurance and related fields; provides standards for measurement of achievement; conducts research.

Insurance Library Association of Boston, Maurice H. Saval, president, 156 State St., Boston, Mass. 02109. Tel. 617-227-2087. A nonprofit, independent membership library serving the research and education interests of all branches of the insurance industry.

***Insurance Services Office**, Daniel J. McNamara, president, 160 Water St., New York, N.Y. 10038. Tel. 212-487-5000. Provides a wide range of advisory, rating, actuarial, statistical and other services relating to property and casualty insurance, including the development of policy forms, rates, premiums and related services for multiple line coverages. Offers services, including research studies, to insurers or other persons or organizations.

Insurance Value Added Network Services, John W. Folk, president, One North Broadway, White Plains, N.Y. 10601. Tel. 914-684-0343. An industry-sponsored organization offering a value added data communications network linking agencies, companies and providers of data to the insurance industry.

***Kansas Association of Property and Casualty Insurance Companies**, L.M. Cornish, secetary-treasurer, 900 Merchants Tower, 8th and Jackson Streets, Topeka, Kan. 66612. Tel. 913-232-0545. Organization representing 17 domestic insurance companies in Kansas.

Kansas Insurance Education Foundation, Archie R. Dykes, chairman of the board of trustees, 900 Merchants Tower, Topeka, Kan. 66612. Tel. 913-232-0545. Non-profit corporation devoted to promotion and encouragement of insurance education in Kansas: Develops teaching aids, supports insurance education at the university level and prepares and distributes consumer information.

Life Office Management Association, Lynn Merritt, president, 100 Colony Square, Atlanta, Ga. 30361. Tel. 404-892-7272. Worldwide association of insurance companies specializing in research and education, with a primary focus on home office management.

***Metropolitan Chicago Loss Bureau**, Don Mershon, manager, 343 S. Dearborn, Suite 1400, Chicago, Ill. 60604. Tel. 312-322-2500. Assists insurance companies with property claims adjustment and arson and fraud claims investigation.

National Association of Casualty and Surety Agents, Bruce T. Wallace, executive vice president, 5454 Wisconsin Ave., Suite 1625, Chevy Chase, Md. 20815. Tel. 301-986-4166. A trade organization dedicated to safeguarding the public interest, preserving a competitive market, and working with others for the good of the insurance business and the public.

National Association of Casualty and Surety Executives, Lawrence M. Zippin, executive secretary, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Organization to provide insurance companies and agents with a forum for discussion of industry problems relating to the public's interest.

National Association of Health Underwriters, Edward Thornton, executive vice president, 1700 Pennsylvania Ave., N.W., Suite 595, Washington, D.C. 20006. Tel. 202-638-0455. Professional association of persons engaged in the sale and service of disability income and hospitalization and major medical health insurance.

National Association of Independent Insurers, Lowell R. Beck, president, 2600 River Rd., Des Plaines, Ill. 60018. Tel. 312-297-7800. Trade association of fire, casualty and surety insurers.

National Association of Insurance Brokers, Inc., David F. Lambert, III, acting executive director, 311 First St., N.W., Suite 700, Washington, D.C. 20001. Tel. 202-783-8880. Trade association of commercial insurance brokers.

National Association of Insurance Commissioners, E. Benjamin Nelson, executive vice president, 1125 Grand Ave., Kansas City, Mo. 64106. Tel. 816-842-3600. Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters, and to recommend legislation in the various state legislatures.

National Association of Insurance Women, Mary Lynn Claiborne, executive director, 1847 E. 15th St., P.O. Box 4410, Tulsa, Okla. 74104. Tel. 918-744-5195, Fosters educational programs for members. Promotes public safety and service programs.

National Association of Mutual Insurance Companies, Harold H. Walters, president, 3707 Woodview Trace, P.O. Box 68700, Indianapolis, Ind. 46268. Tel. 317-875-5250. Trade association of property and casualty mutual insurance companies.

National Association of Professional Surplus Lines Offices, Ltd., J. Dale Bohm, executive director, P.O. Box 1507, Roswell, Ga. 30077. Tel. 404-998-9075. Professional association of wholesale brokers, excess and surplus lines companies, affiliates and supporting members.

National Association of Surety Bond Producers, Bruce T. Wallace, executive vice president, 5454 Wisconsin Ave., Suite 1625, Chevy Chase, Md. 20815. Tel. 301-986-4166. Trade association of surety bond producers.

National Automobile Theft Bureau, Paul W. Gilliland, president, 10330 S. Roberts Rd. 3A, Palos Hills, Ill. 60465. Tel. 312-430-2430. Conducts stolen vehicle recovery and auto theft prevention activities on behalf of the insurance industry.

National Committee on Insurance Guaranty Funds, Phillip Schwartz, executive secretary, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Advisory organization to the state guaranty fund boards; gathers and disseminates information regarding insurer insolvencies.

***National Committee on Property Insurance**, Eugene L. Lecomte, president, 10 Winthrop Sq., Boston, Mass. 02110. Tel. 617-423-4620. Provides advice and assistance to insurers writing property coverages in distressed or residual insurance markets.

***National Council on Compensation Insurance**, Kevin M. Ryan, president, One Penn Plaza, New York, N.Y. 10119. Tel. 212-560-1000. Develops and administers rating plans and systems for workers' compensation insurance.

***National Crop Insurance Association**, George A. Bender, executive vice president/general manager, 2860 S. Circle Dr., South Building, Suite 322, Colorado Springs, Colo. 80906. Tel. 303-576-5111. National trade association of insurance companies writing hail, fire and other weather perils to growing crops.

National Fire Protection Association, Robert W. Grant, president, Batterymarch Park, Quincy, Mass. 02269. Tel. 617-770-3000. Independent, nonprofit source of technical and educational information on fire protection, prevention and suppression; develops and publishes consensus fire safety standards; sponsors national Learn Not to Burn campaign.

National Safety Council, T. C. Gilchrest, president, 444 N. Michigan Ave., Chicago, Ill. 60611. Tel. 312-527-4800. Provides national support and leadership in the field of safety; publishes safety materials of all kinds; conducts a public information and publicity program in support of safety.

Overseas Private Investment Corporation, Craig A. Nalen, president, 1129 20th St., N.W., Washington, D.C. 20527. Tel. 202-653-2920. Self-sustaining U.S. government agency providing political risk insurance and finance services for U.S. investment in developing countries.

***Pennsylvania FAIR Plan**, Donald F. Hunter, general manager, Mall Building, Suite 600, 325 Chestnut St., Philadelphia, Pa. 19106. Tel. 215-629-8800. Provides insurance for property owners in Pennsylvania having difficulty getting property coverages through traditional channels.

Pollution Liability Insurance Association, Dudley Morrison, manager, One East Wacker Dr., Suite 3720, Chicago, Ill. 60601. Tel. 312-467-4090. Organization to promote the availability of pollution and hazardous waste insurance coverages for businesses.

Professional Insurance Agents, Donald K. Gardiner, executive vice president, 400 N. Washington St., Alexandria, Va. 22314. Tel. 703-836-9340. Trade association of independent insurance agents.

Property-Casualty Insurance Council, Richard L. Mathias, president, One 1st National Plaza, Suite 2730, Chicago, Ill. 60603. Tel. 312-236-7124. Organization of property and casualty insurance associations and companies to provide a forum for discussion of major issues and to facilitate coordination and cooperation in dealing with those issues, and to develop and recommend programs in research and in consumer and legislative information.

Property Insurance Loss Register, Gerald F. Murphy, vice president, 700 New Brunswick Ave., Rahway, N.J. 07065. Tel. 201-388-0157. A voluntary, non-profit organization administered by the American Insurance Association; maintains a computerized registry of property loss claims which can be used by its subscribers to fight insurance fraud, and provides data for non-actuarial/statistical research.

***Property Insurance Plans Service Office**, Eugene L. Lecomte, president, 10 Winthrop Sq., Boston, Mass. 02110. Tel. 617-423-4620. Provides technical and administrative services to the various state property insurance plans.

Reinsurance Association of America, Andre Maisonpierre, president, 1025 Connecticut Ave., N.W., Suite 512, Washington, D.C. 20036. Tel. 202-293-3335. Trade association of property and casualty reinsurers; provides legislative services for members.

Risk and Insurance Management Society, Inc., Ron E. Judd, executive director, 205 E. 42nd St., New York, N.Y. 10017. Tel. 212-286-9292. Organization of corporate buyers of insurance which makes known to insurers the insurance needs of business and industry, and which supports loss prevention and provides a forum for the discussion of common objectives and problems.

Society of Certified Insurance Counselors, William T. Hold, Ph.D., CIC, CPCU, CLU, president, 3630-C North Hills Dr., Austin, Tex. 78731. Tel. 512-345-7932. National education program in property, liability and life insurance, with a continuing education requirement upon designation.

***Society of Chartered Property and Casualty Underwriters**, James W. Hamilton, CPCU, executive vice president, Kahler Hall, Providence Rd., (CB No. 9), Malvern, Pa. 19355. Tel. 215-648-0440. Professional society to foster the higher education of those engaged in insurance and risk management; encourages and conducts research.

Society of Insurance Research, John R. Ward, president, Box 933, Appleton, Wisc. 54912. Tel. 414-731-2405. Stimulates insurance research and fosters exchanges among society members on research methodology.

***Surety Association of America**, Lloyd Provost, president, 100 Wood Ave., S. (Metro-Park), Iselin, N.J. 08830. Tel. 201-494-7600. Statistical, rating, development and advisory organization and forum for surety companies.

***Texas Automobile Insurance Plan**, Bobby White, manager, 404 Brown Building, Austin, Tex. 78701. Tel. 512-477-5322. Provides market for drivers unable to obtain liability insurance through commercial channels.

***Texas Automobile Insurance Service Office**, Sherrell Kidd, manager, Suite 130, One La Costa, 1016 La Posada Dr., Austin, Tex. 78752. Tel. 512-458-6347. Insurers' organization licensed to advise the State Insurance Board on auto forms, rates, rating procedures, classifications and coverages.

***Texas Catastrophe Property Insurance Association**, James A. Douglass, manager, P.O. Box 2930, Austin, Tex. 78769. Tel. 512-444-9611. Established by state legislature to provide back-up source for windstorm insurance in high risk area (14 coastal counties).

***Texas Insurance Advisory Association**, Roy E. Hoga, general manager, P.O. Box 15, Austin, Tex. 78782. Tel. 512-444-9611. Insurers' organization to advise the State Insurance Board on property forms, rates, rating procedures and coverages.

***Texas Medical Liability Insurance Underwriting Association**, James A. Johnston, CPCU, general manager, 200 One La Costa, 1016 La Posada Dr., Austin, Tex. 78752. Tel. 512-452-4370. Established by legislature to provide source for medical malpractice insurance.

***Texas Workers' Compensation Assigned Risk Pool**, James A. Johnston, CPCU, general manager, 200 One La Costa, 1016 La Posada Dr., Austin, Tex. 78752. Tel. 512-458-9181. Provides workers' compensation insurance when unavailable through commercial channels.

Underwriters' Laboratories, Inc., Jack Bono, president, 333 Pfingsten Rd., Northbrook, Ill. 60062. Tel. 312-272-8800. Investigates and tests electrical materials and other products to determine that fire prevention and protection standards are being met.

Underwriters Salvage Company. Christopher Knowles, chairman of the board, 1400 Busse Rd., Elk Grove Village, Ill. 60007. Tel. 312-437-8181. Assists insurers in adjustment of losses through the reclamation, reconditioning and disposition of damaged goods.

***Washington Insurance Council**, Louis A. Mackie, president, 1218 Third Ave., Seattle, Wash. 98101. Tel. 206-624-3927. Provides education and information services to the public and to insurance companies, producer organizations and other professional insurance groups.

Workers Compensation Research Institute, Dr. Richard B. Victor, executive director, 245 First St., Suite 402, Cambridge, Mass. 02141. Tel. 617-494-1240. Organizations supported by insurers and employers conducting independent, objective research on public policy issues in the workers' compensation system.

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